



Joint Appropriations Subcommittee on Transportation

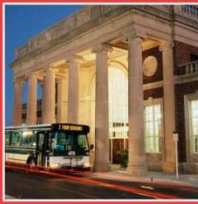
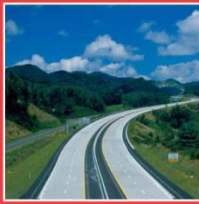
Funding Overview
February 21, 2013

H. Tasaico, PE



NCDOT Funding Overview - Agenda

- **State Transportation Comparative Data**
- **Transportation Funding Sources & Uses**
- **Cash Management Systems**



Transportation Challenges

Protect and Enhance NC's Largest Economic Asset

- Prioritized Performance Outcomes
 - Address Mobility Needs
 - Preserve Transportation Infrastructure
 - Anticipate Freight Movement and Logistics Needs
 - Link Economic Goals and Infrastructure Planning

Financial Sustainability

- Revenue Uncertainty
- Construction Inflation

Environmental Responsibility

Environmental Lawsuits

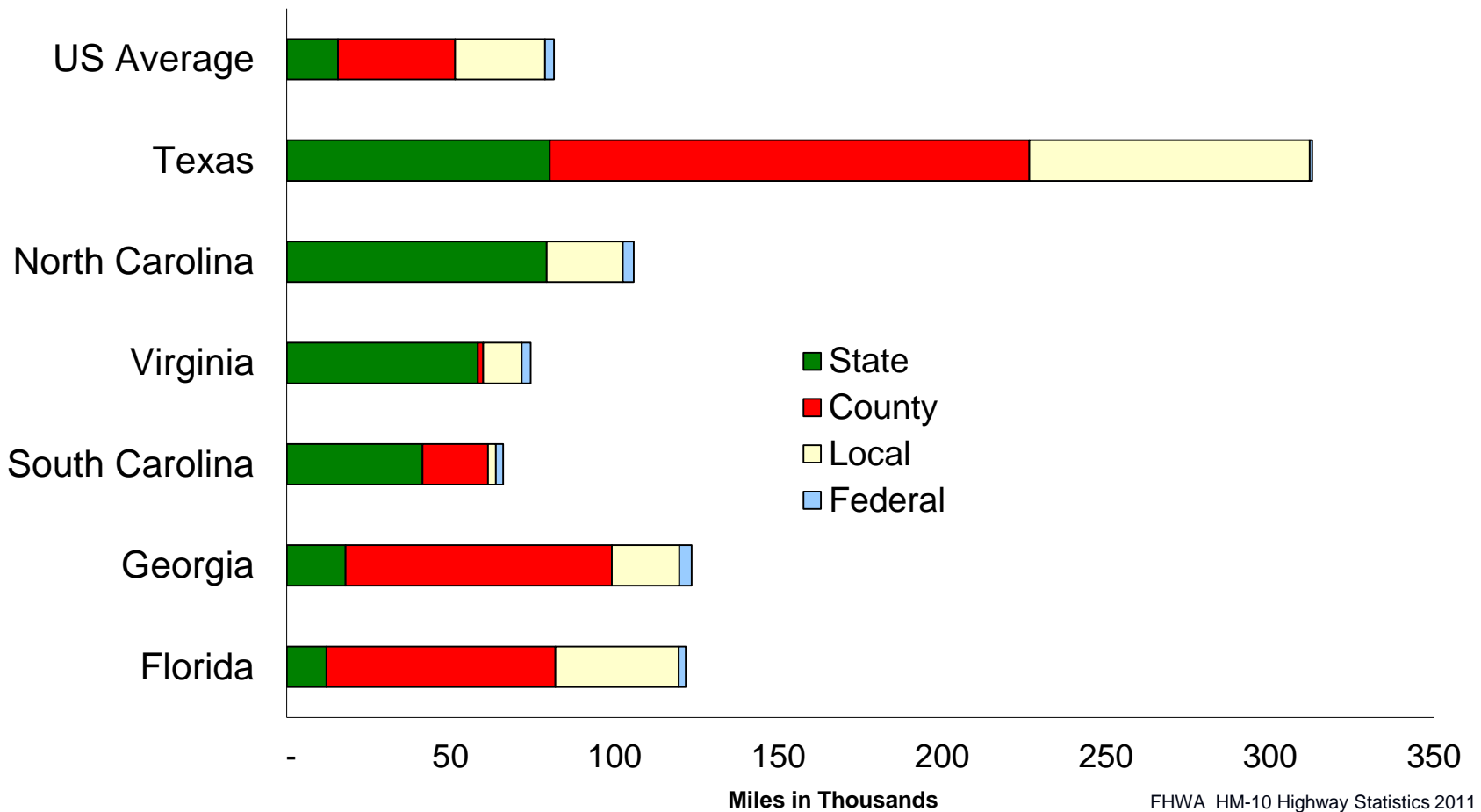


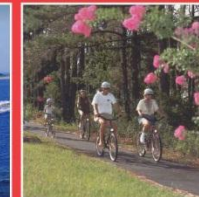
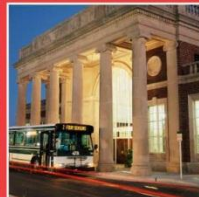
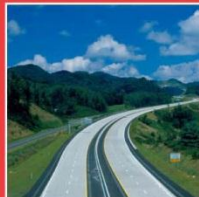
State Transportation System

- Largest Capital Asset
- Per State CAFR - Over \$44B Invested
- Replacement Value - \$450B
- Economic Value - \$\$\$\$\$\$\$
 - Commerce
 - Jobs (Direct / Indirect)
 - Lifestyle



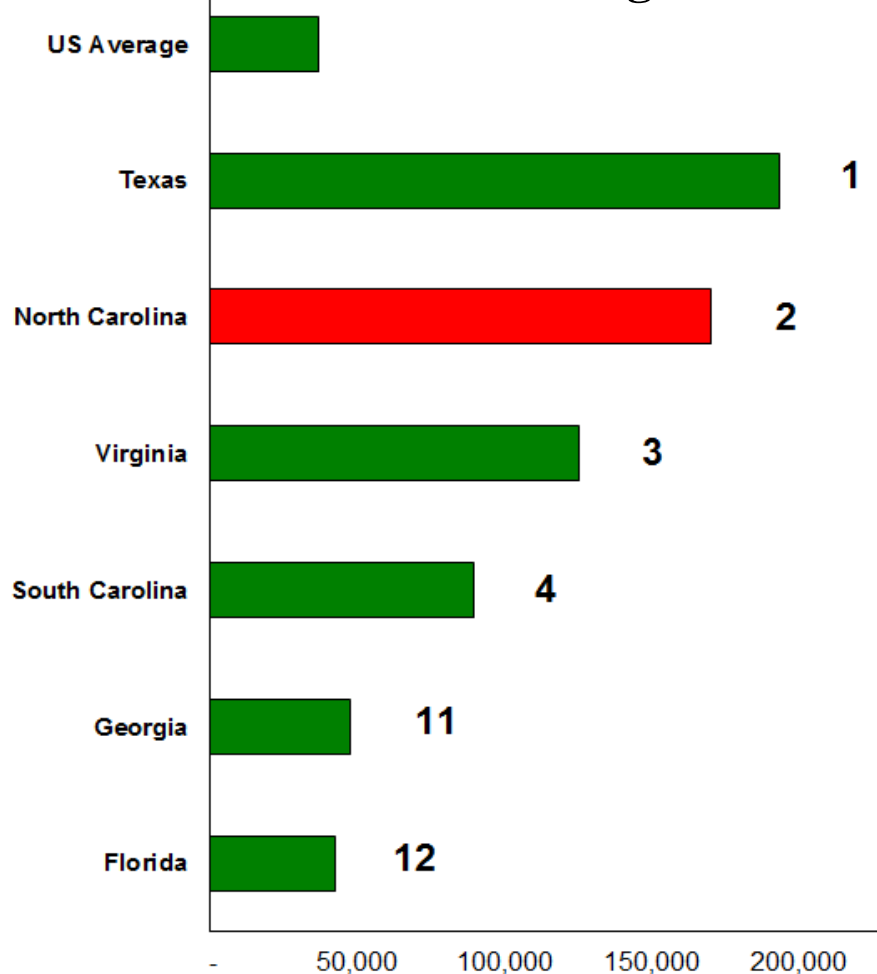
Public Road Ownership





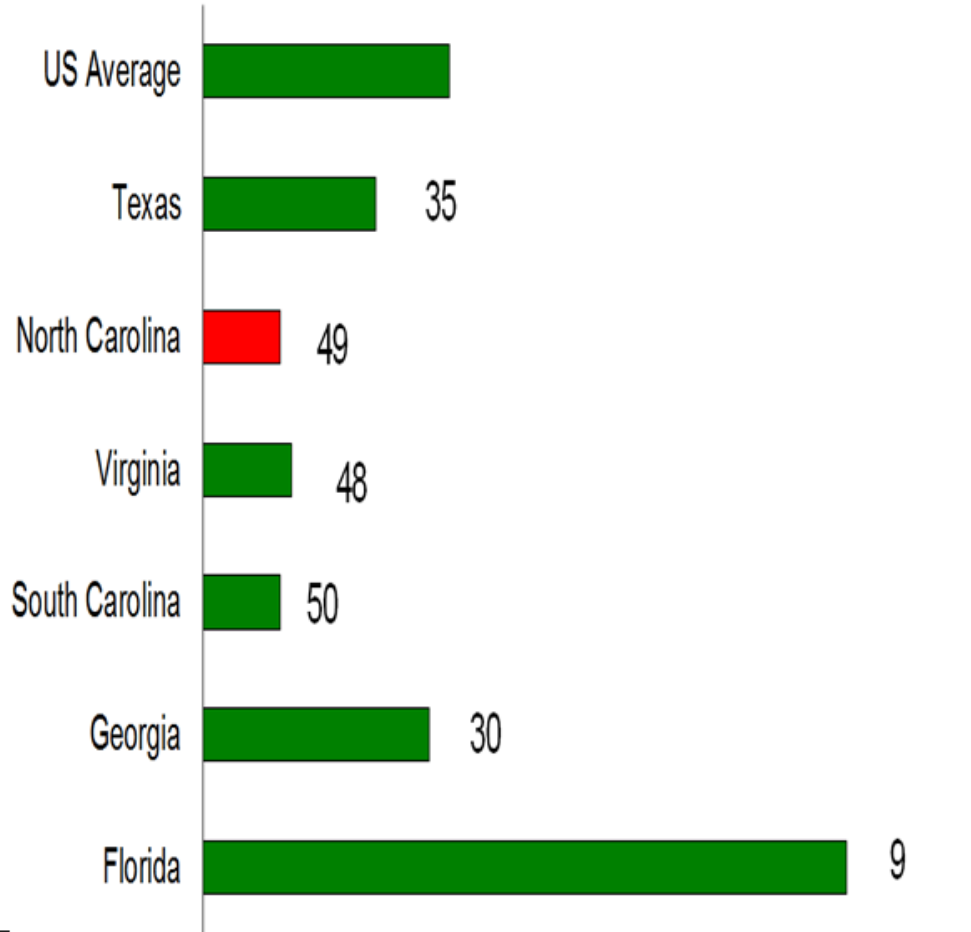
System Responsibility

State Lane-mile & Ranking



FHWA HM-81 Highway Statistics 2008

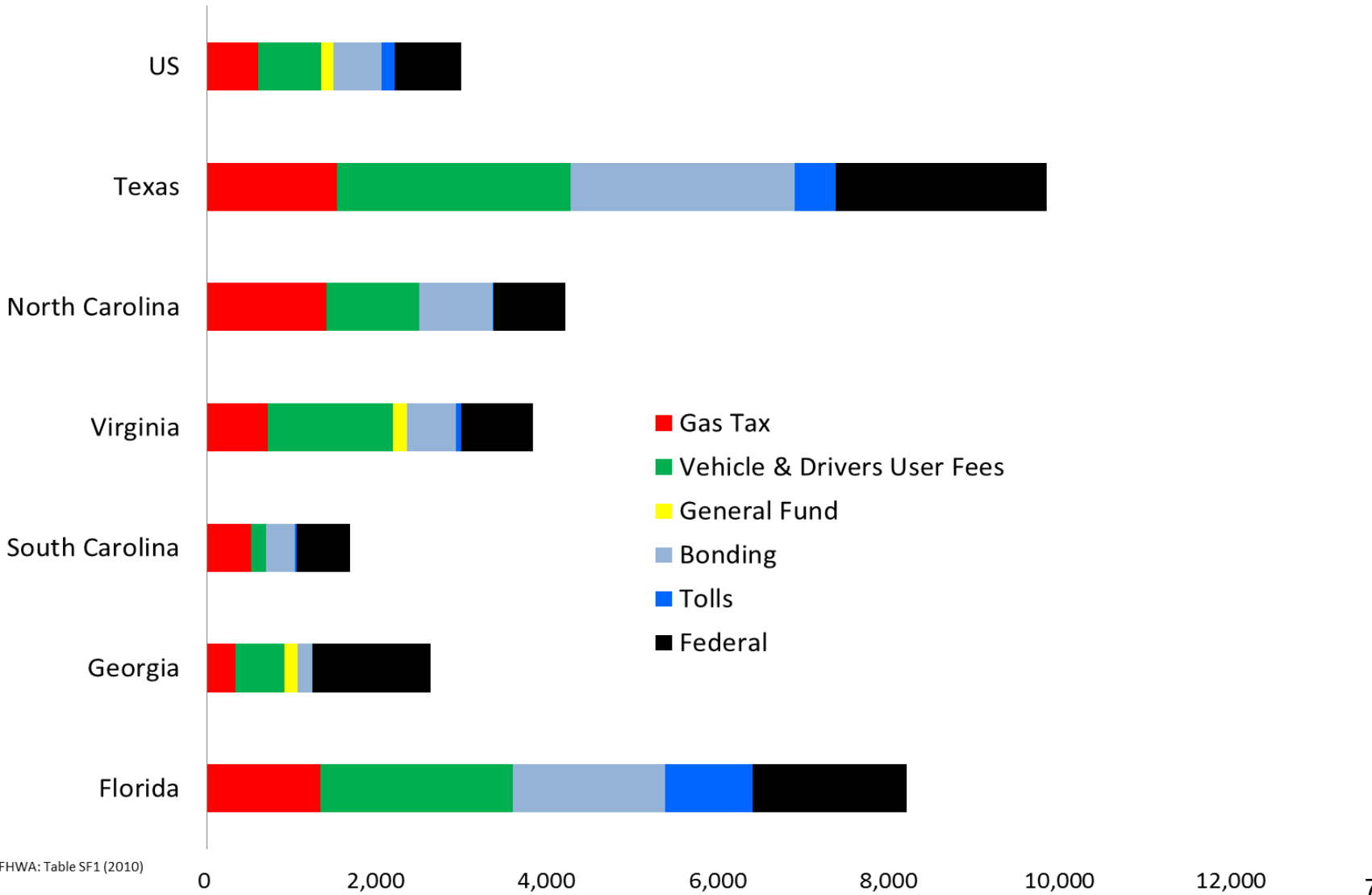
Total Disbursements: Lane-mile & Ranking



FHWA HM-81, SF-3, SF-4 Highway Statistics 2010



State Funding Sources Including Federal - (\$ in millions)





2011 Transportation Texas Institute (TTI)

Urban Mobility Report - National Statistics

Congestion Costs

1982 - \$24 billion

2011 - \$121 billion

Wasted Fuel

2011 - 2.9 B gallons equal to 4 New Orleans Superdomes

U.S. Commuter Delay (hours)

1982 – 16

2011 – 38

U.S. Commuter Cost (annual \$)

1982 - \$342

2011 - \$818

NC Commuter Delay (hours)

1982 – 5

2011 – 27

Charlotte NC,SC - 41

Raleigh Durham - 23

Greensboro - 27

Winston-Salem - 20

NC Commuter Cost (annual \$)

1982 - \$78

2011 - \$605

Charlotte NC,SC - \$898

Raleigh Durham - \$502

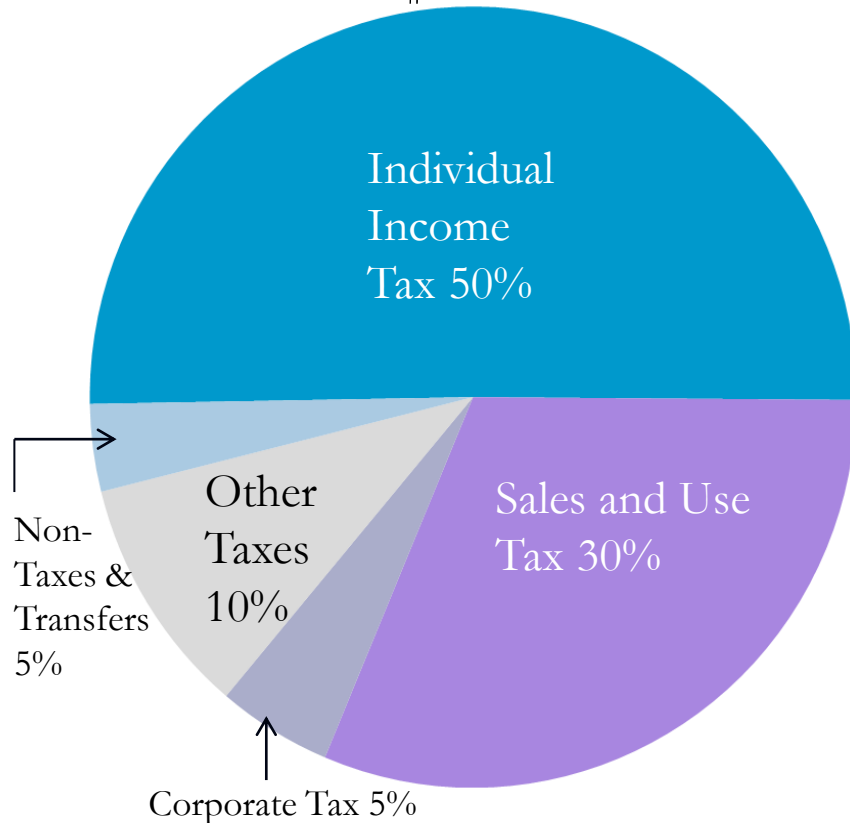
Greensboro - \$588

Winston-Salem - \$435



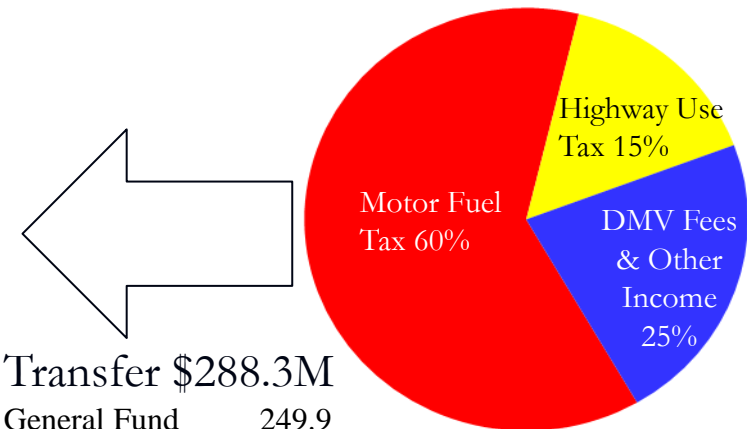
State Revenues Sources (SFY 2013)

General Fund \$19.6B



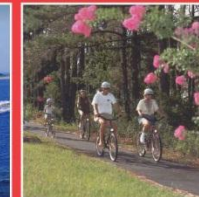
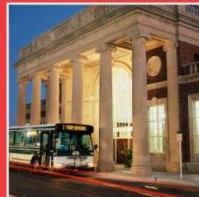
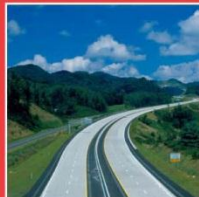
NCDOT \$3.1B

(Highway and Trust Funds)



Transfer \$288.3M

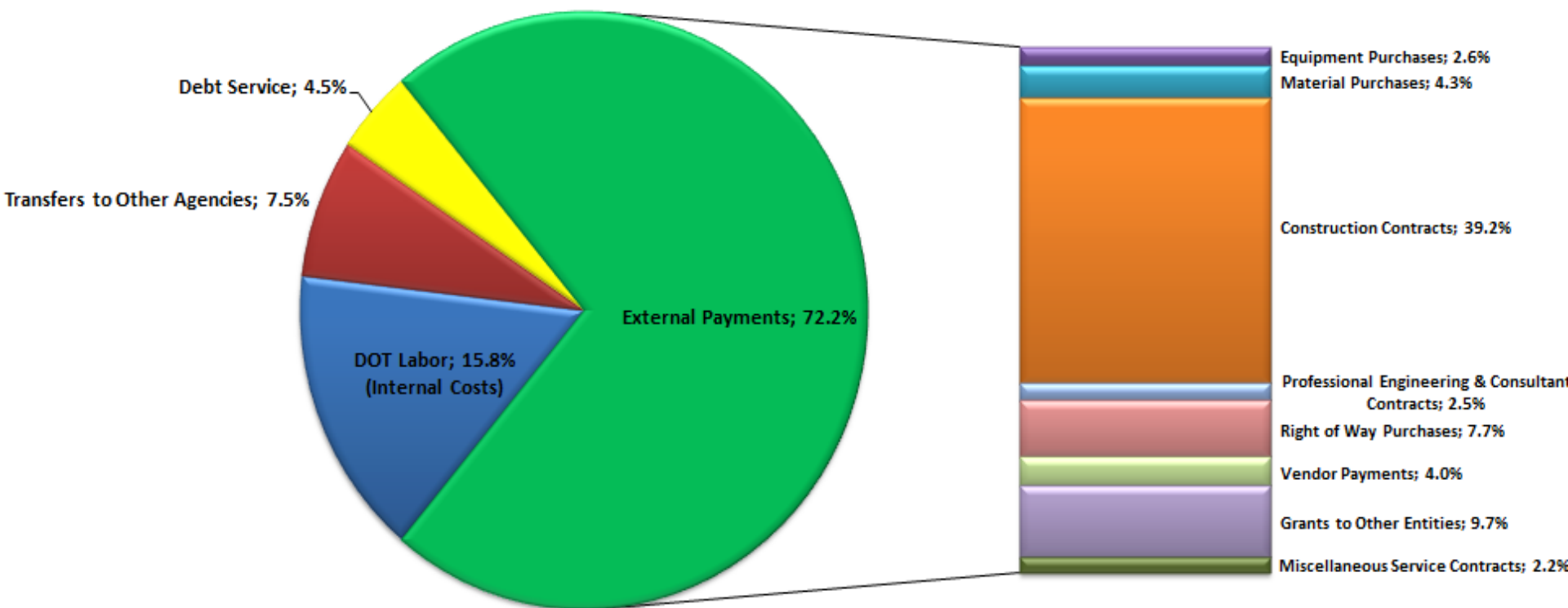
General Fund	249.9
Public Instruction	26.7
Other Agencies	11.7



Total NCDOT Expenditures - \$4.7 Billion

State Fiscal Year 2012

July 2011 - June 2012





NCDOT Funding Resources

- State - (Motor Fuels tax, Highway Use tax, DMV fees)
- Federal - (Motor Fuels tax, fees, Grants)
- Tolls & Fees - (NCTA, Ferry, DMV, local participation)
- Cash - (Timing)
- Debt - (Timing)

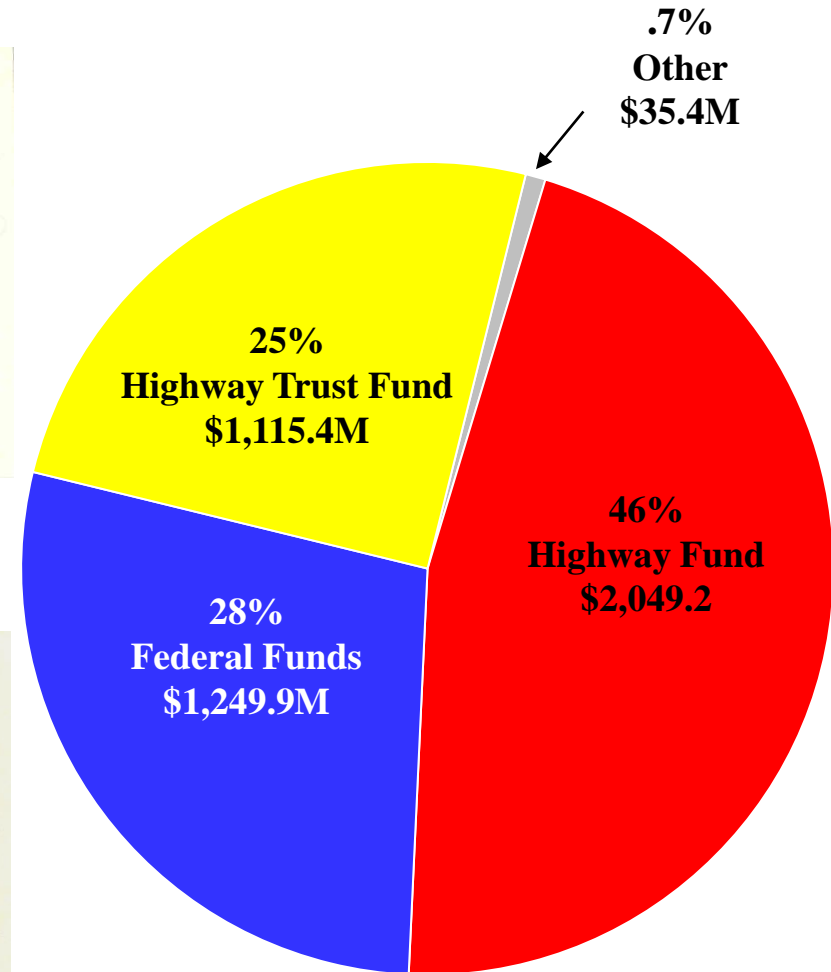
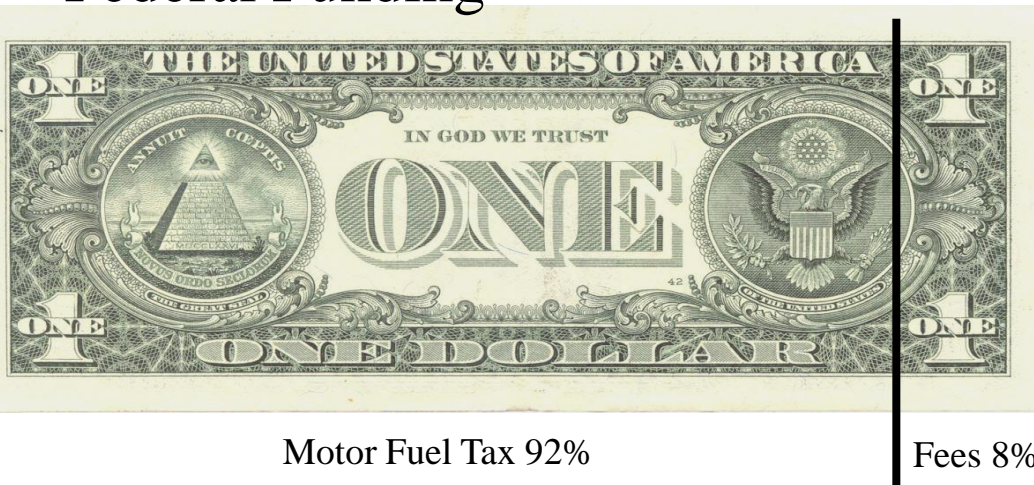


Present Revenues (State & Federal Sources)

State Funding



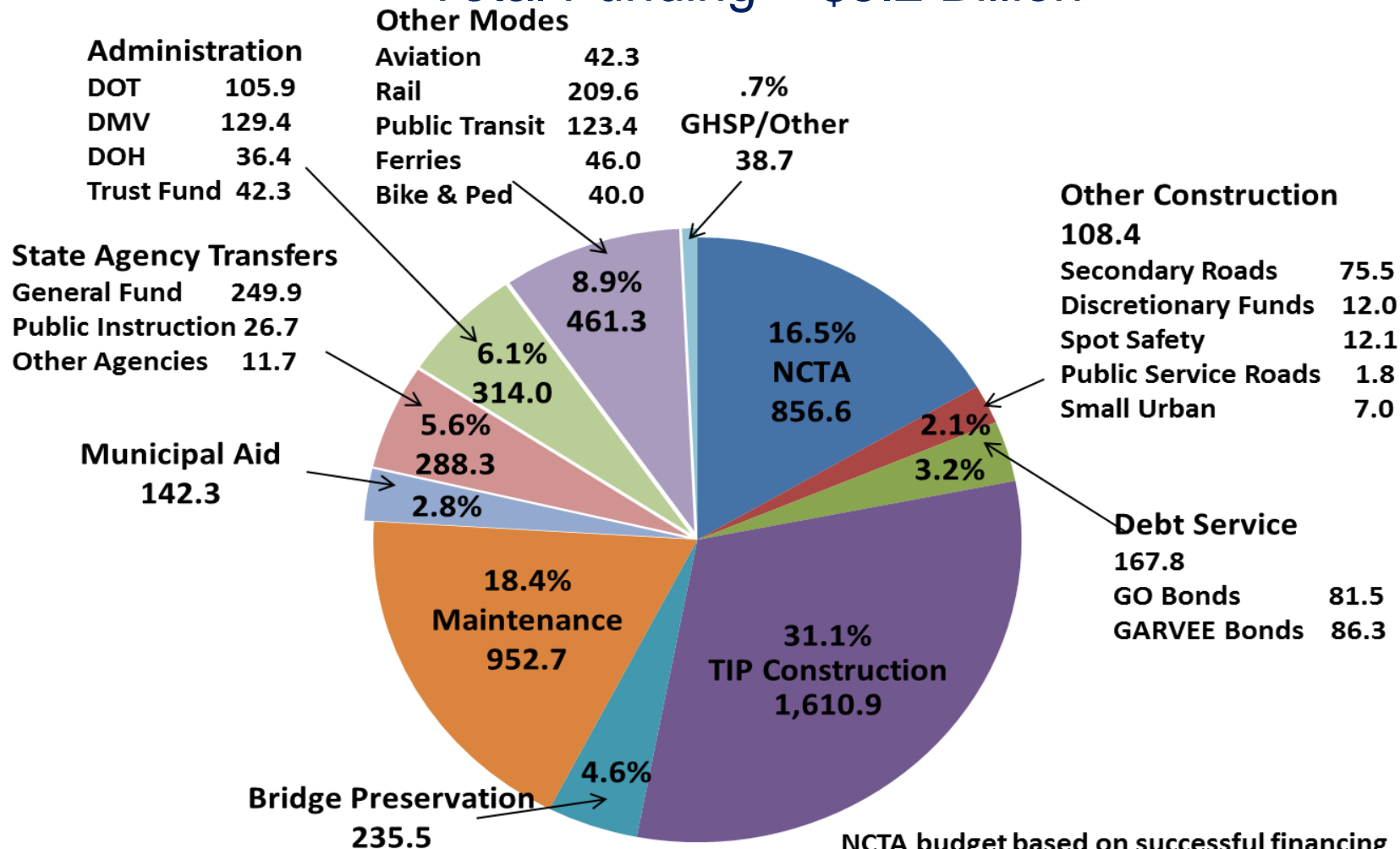
Federal Funding



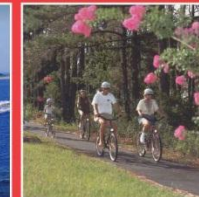
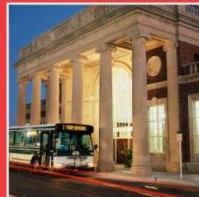
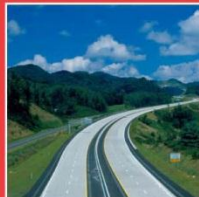


Projected Uses of NCDOT Appropriations 2012-13

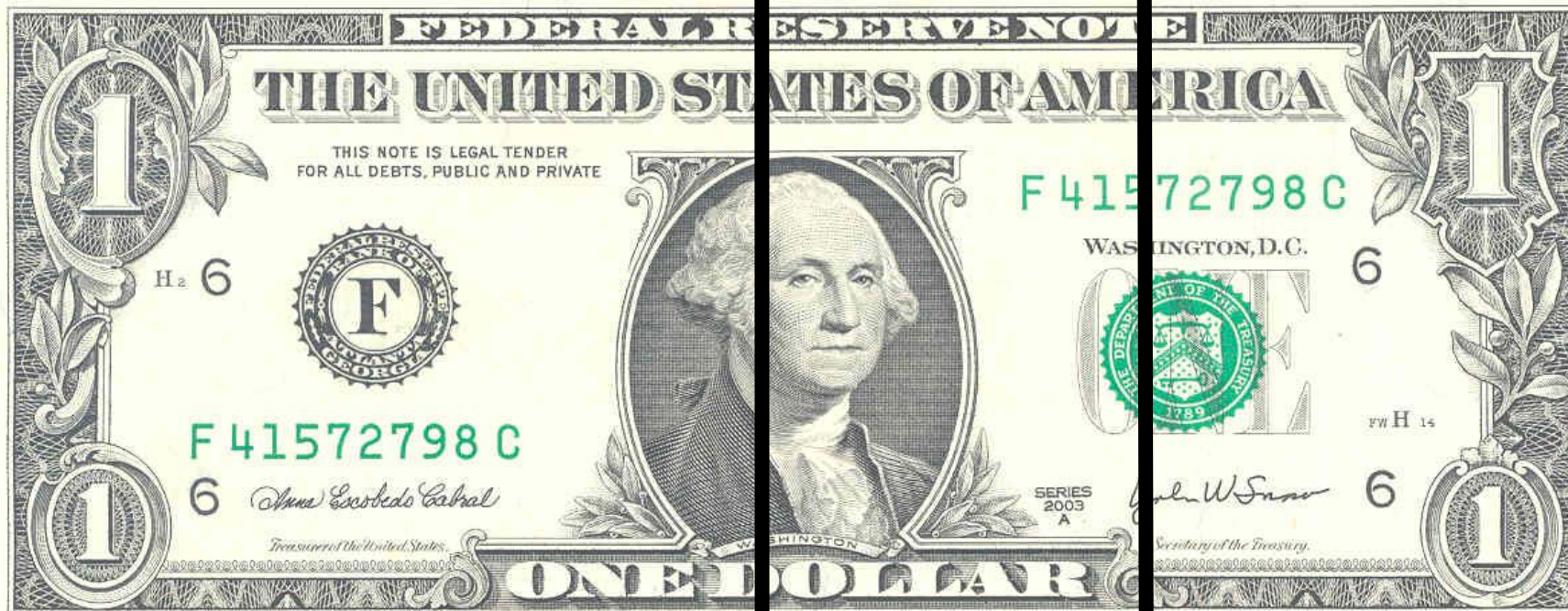
Total Funding = \$5.2 Billion



NCTA budget based on successful financing
GARVEE bond debt service includes 2007-2012 issues 13



State Revenue Sources



Motor Fuel Tax
60%

Highway Use Tax
15%

Fees
25%

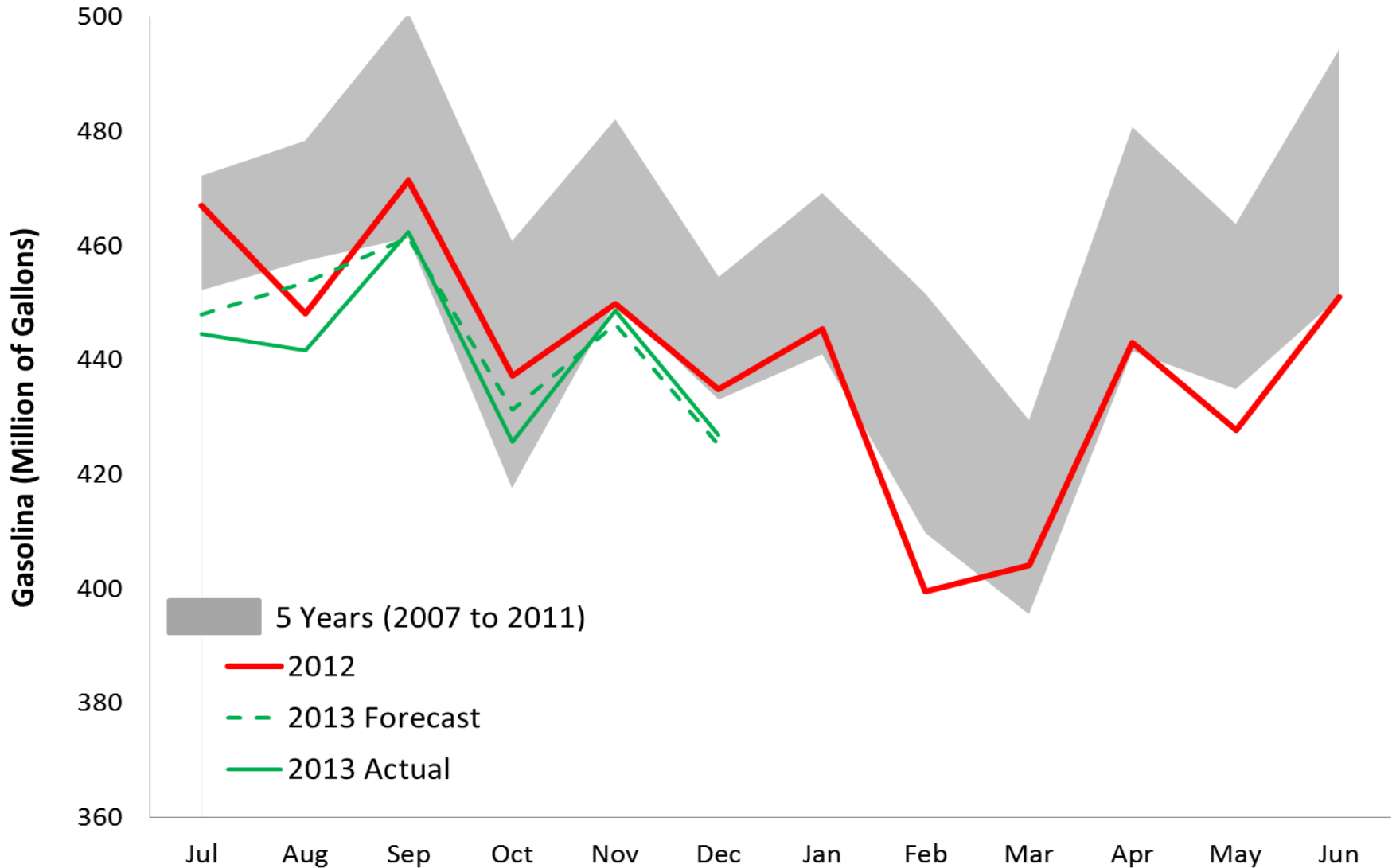
MFT Rate &
Fuel Consumption

Vehicle Prices,
Units Sold & Rate

Fee Rates &
Transactions

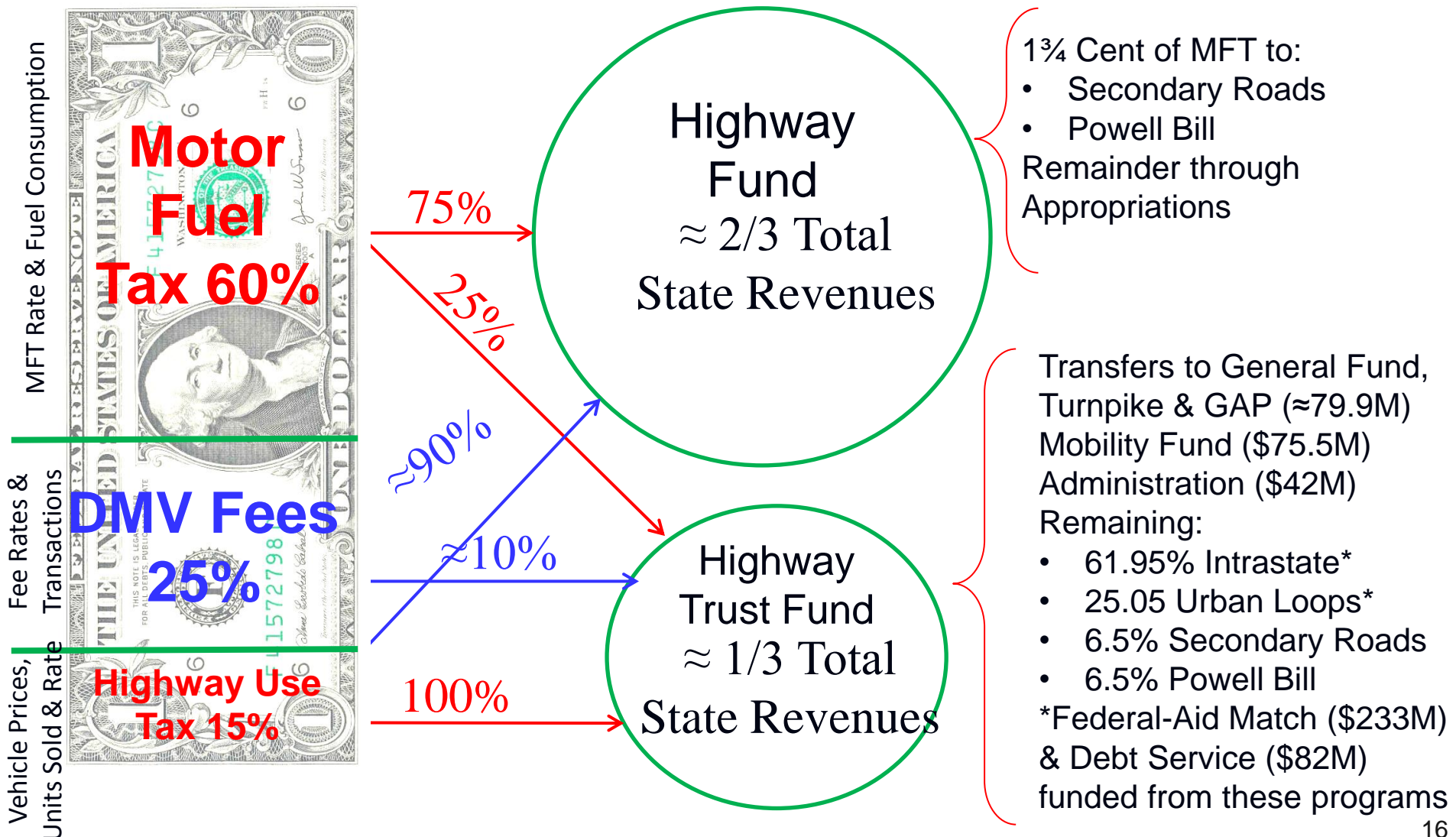


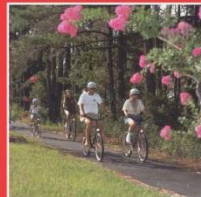
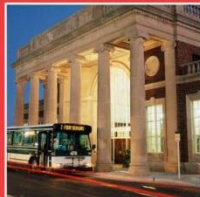
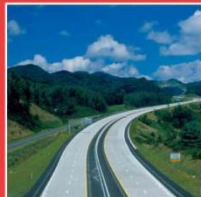
North Carolina - Monthly Fuel Consumption





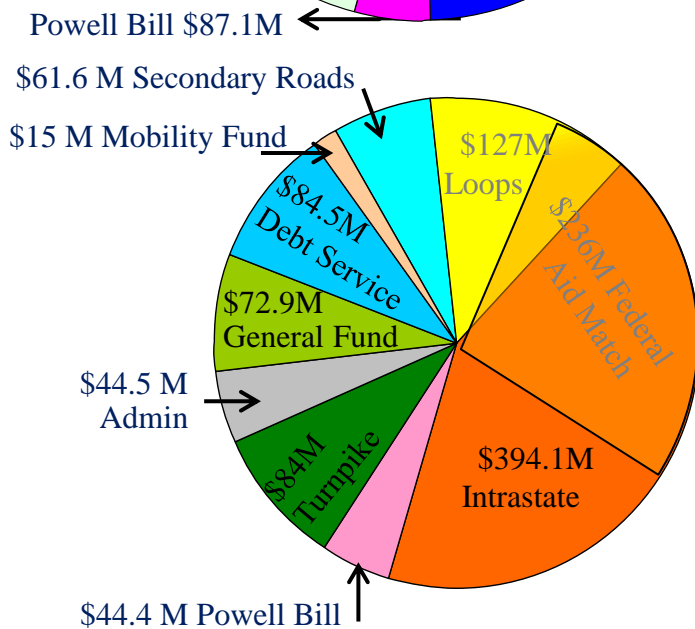
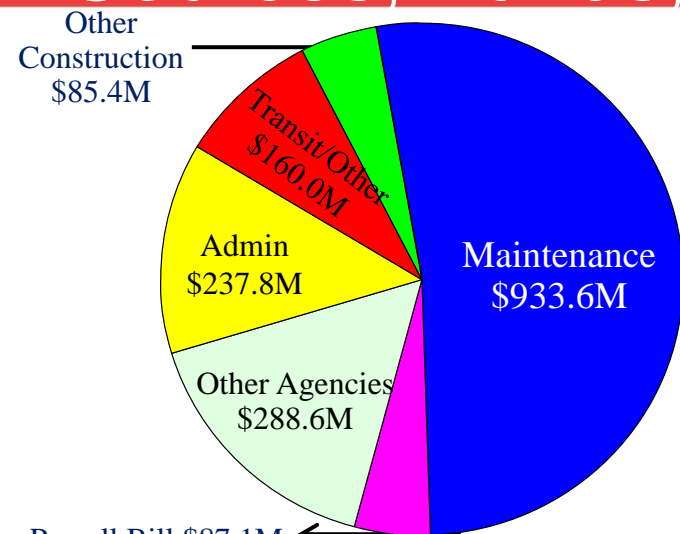
State Sources, Funds, Allocation & Distribution





Sources, Funds, Allocation & Distribution

Highway Trust Fund Highway Fund



Distribution

Maintenance

90% Mileage + 10% Population

Contract Resurfacing

50% Needs + 37.5% Mileage + 12.5% Population

Secondary Road Construction

County Mileage/Statewide Population

Powell Bill

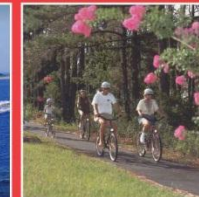
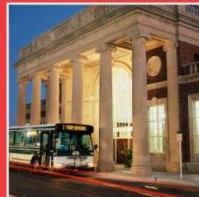
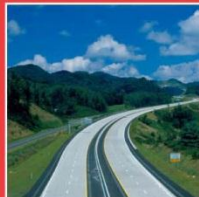
75% Population + 25% Mileage

Equity Formula*

50% Population + 25% Remaining

Mileage + 25% Equal Share

*Exemptions: Loops , CMAQ, Competitive Federal Grant Funds, Appalachian Development, Mobility Fund Excluded & Yadkin River Bridge Phase 1 "GARVEE" Bonds



1989 Equity Formula

- Established Seven Regions Within the State
- Applies To All Funds in TIP
- Distributed as follows

Current at 78%

Completed Intrastate System Mileage

Until 90%

After 90%

Population¹

50%

66%

Equal Share

25%

34%

Remaining Miles to Complete

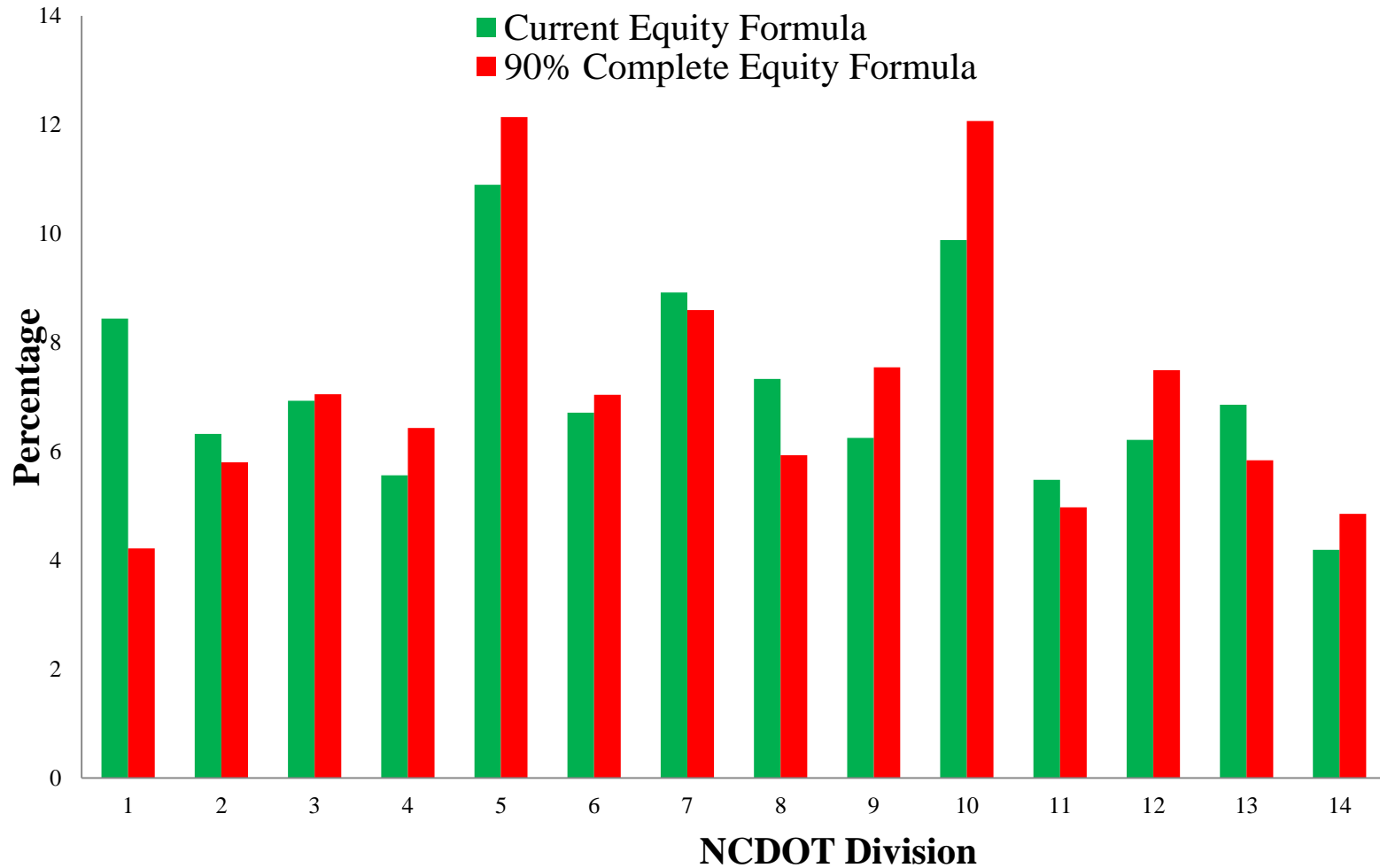
25%

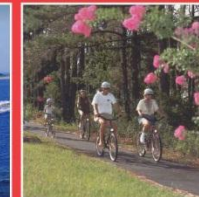
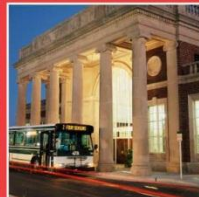
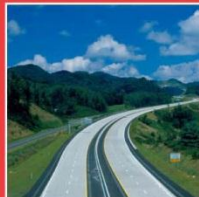
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¹ As Certified by the State Demographer



Equity Formula Comparison





Federal Transportation Revenues



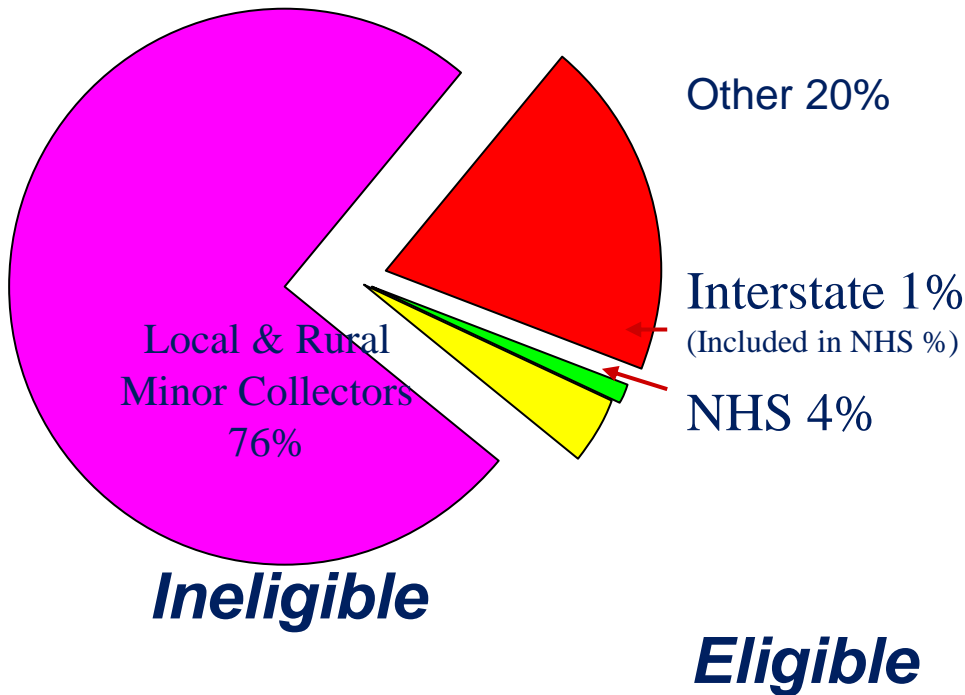
Motor Fuel Tax 92%

Fees
8%

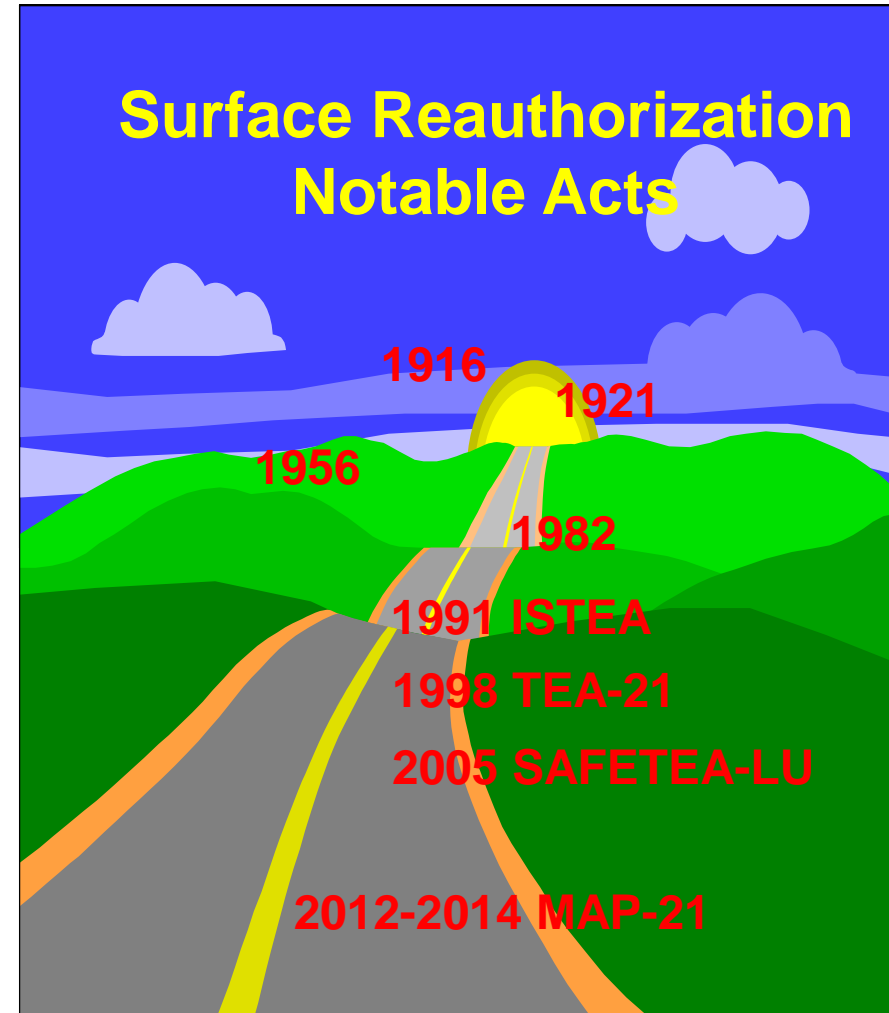


Characteristics of the Federal-aid Highway Program

- Reimbursement Program
- Matching requirements
- Specific Systems Funding



Nationally - 4 million miles of public roads total





MAP-21 (Moving Ahead for Progress in the 21st Century Act)

Timeline

- Signed by President July 6, 2012
- 10 Extensions
- Extended SAFETEA-LU to 9/2012
- 27 Months (until 9/30/2014)
- Financing
- FFY 2012 level plus 1.4% per year
- SFY 2012 \approx 5% less than SFY 2011
- Offset needed to balance \approx 21B
- Extends HTF taxes through 9/2016

Funding

- Maintains 80%/20% (Highway/Transit)
- State Funding based on FFY 2012 (eliminating traditional formulas)
- No Earmarks
- TIFIA Program
 - SFY 2013 (\$0.75B)
 - SFY 2014 (\$1B)
 - Maximum TIFIA project share 49%



MAP-21 (Moving Ahead for Progress in the 21st Century Act)

Key Highlights

Funding

- FFY 2014 States Guaranteed 95% HTF Returns
- >92% Highways Funding to Core Highway Programs

Program Consolidation

- Consolidates >100 programs by 2/3
- Two New Programs
 - National Highway Performance
 - Transportation Alternatives
- Focuses on Freight



MAP-21 (Moving Ahead for Progress in the 21st Century Act)

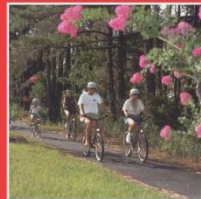
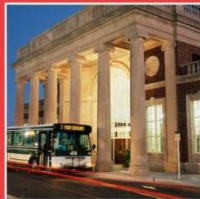
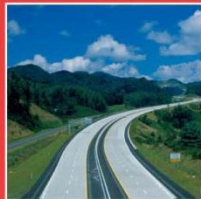
Key Highlights - Continued

Performance and Accountability

- Seven National Goals
 - Safety
 - Congestion
 - System Reliability
 - Economic Vitality
 - Reduced Project Delays
 - Infrastructure Condition
 - Congestion
 - Freight Movement
 - Environmental Sustainability

Accelerate Project Delivery

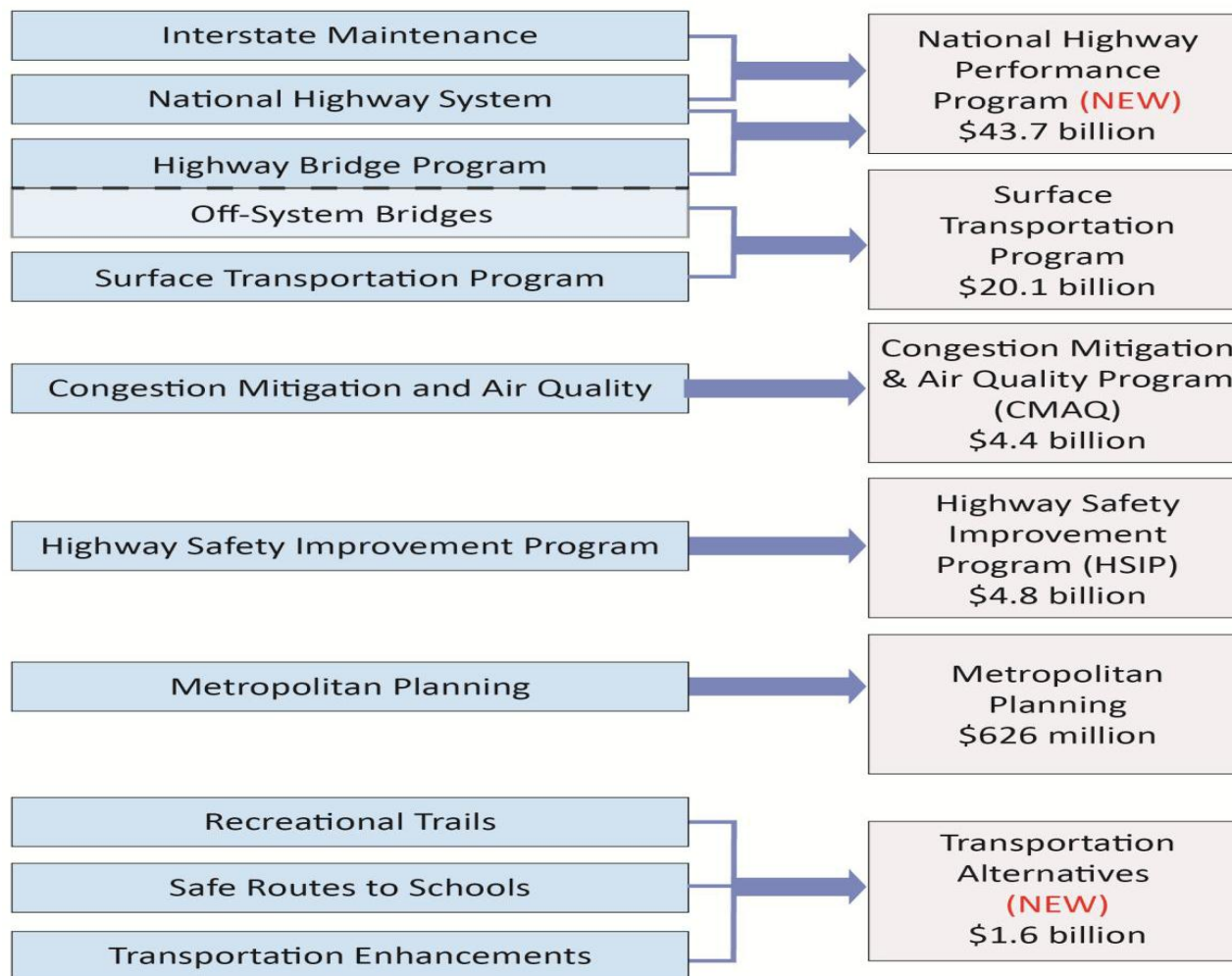
- Expands Flexibility to Undertake Activities Prior to NEPA Completion
- New Categorical Exclusions
- Support for Programmatic Approaches
- Further Process Reforms

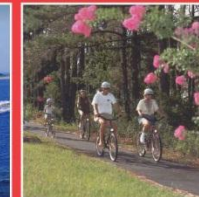
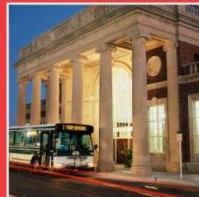
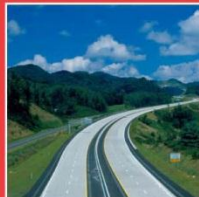


Consolidation Highway Program Structure

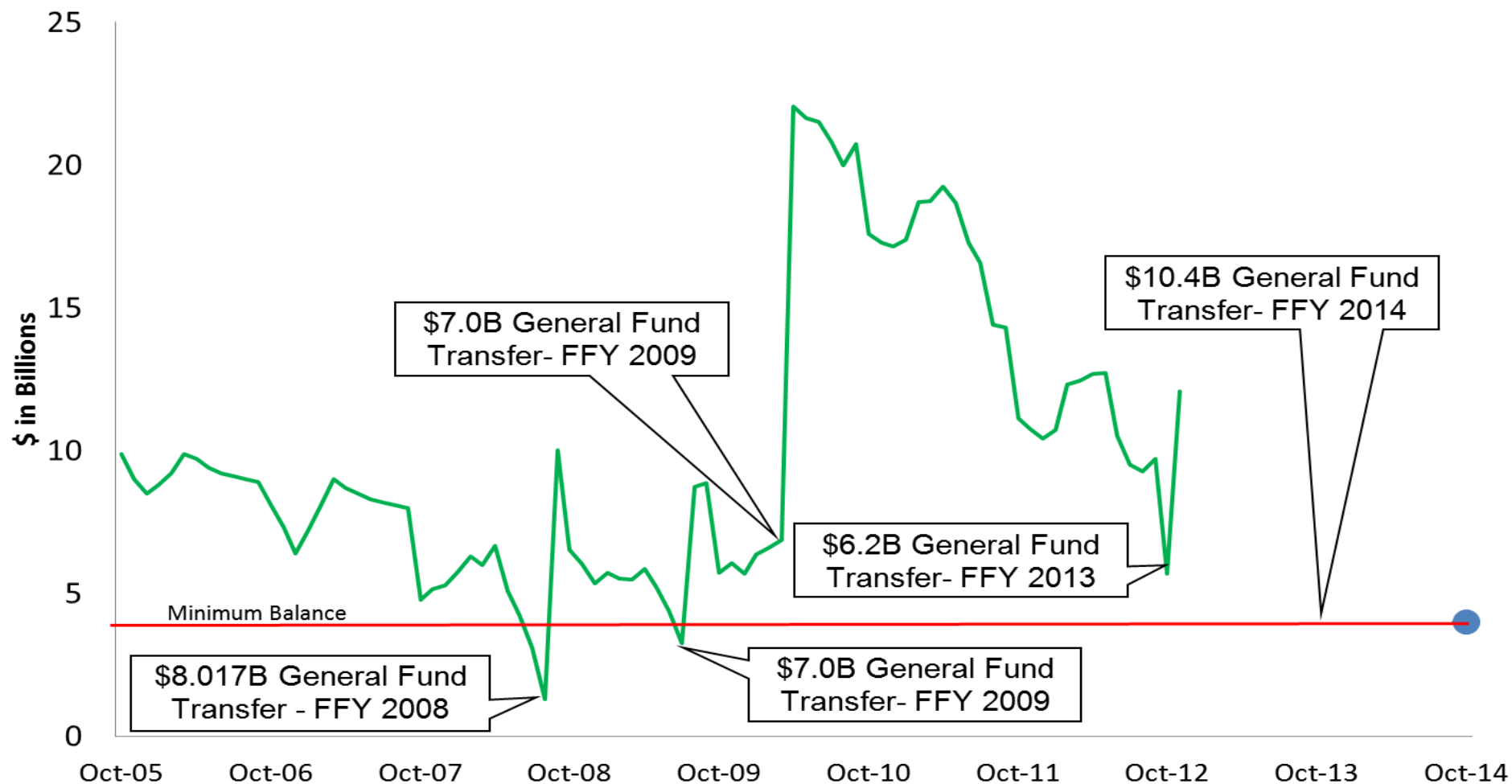
Current Program Structure

MAP-21 Core Program Structure





Federal Highway Trust Balance and Transfers





Federal Funding Status

Annual Appropriations

- SFY 2013 - 1st CR Expires March 27, 2013
- SFY 2014 - Presidential Budget – February ??, 2013

Sequestration

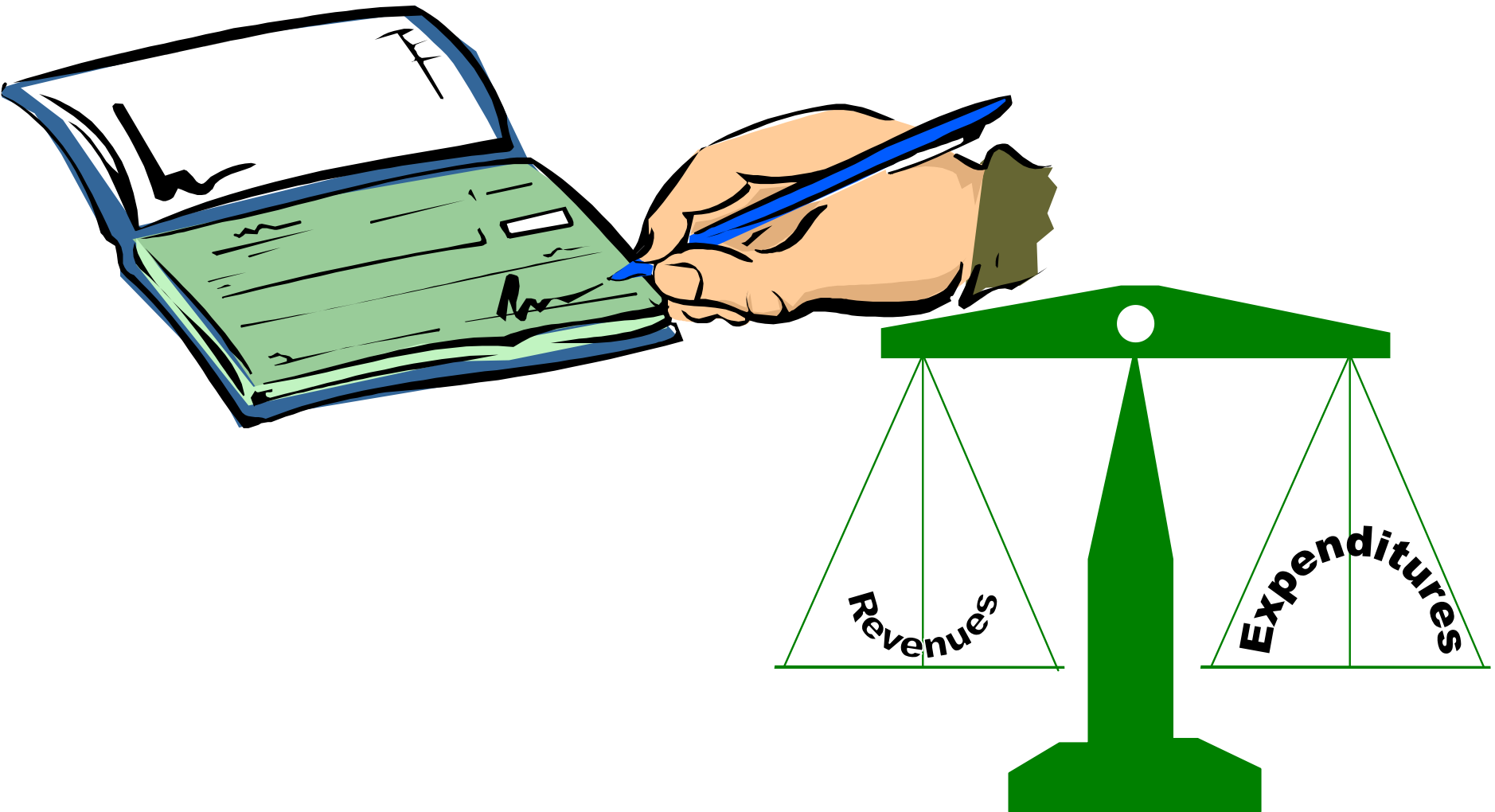
- Original Deadline January 2, 2103
- Postponed to March 1, 2013

Reauthorization

- Expires September 30, 2014



What is Cash Management?





Cash Management

SB1005 created financial management policies 2002 Session

- Authorized combining of Highway Fund & Highway Trust dollars to maximize program delivery
- Cash flow basis authorized projects to be programmed, awarded, and paid over time
- Required the establishment of management controls & forecasting procedures
- Established cash target equivalent to 12% of anticipated revenues plus estimated Powell Bill allocation

NCGS §143C-6-11

- Established cash balance floor (approximately 5% of revenues)
- Report Annually to Joint Legislative Transportation Oversight



Why Cash Flow NCDOT Budget?

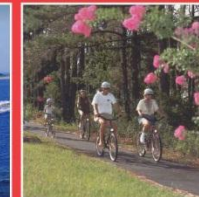
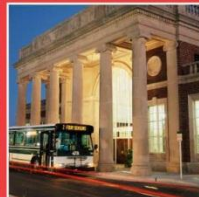
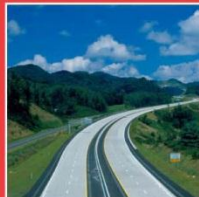
Follows Best Business Practice

- Accelerates Project Delivery of Public Good
- Reduces Cost
- Provides Flexibility to Substitute Projects
- Stabilizes Construction Contract Award Schedule
- Greater Control over Timing of Contract Awards
- Reduces Deferral of Lifecycle Maintenance
- Optimizes Return of Scarce Cash Capital
- Scenario Analysis

State DOT's Using Cash Flow Budgeting — Virginia, Maryland, Florida, Texas South Carolina

State DOT's Moving to Cash Flow Budgeting — Georgia, Colorado

USDOT Promotes Cash Flow Project Delivery — Advance Construction, Transportation Infrastructure Finance and Innovation Act (*TIFIA*) Credit, Grant Anticipation Revenue Vehicles (*GARVEE*) Bonds, Private Activity Bond (*PAB*), State Infrastructure Banks (*SIB*)



Cash Model - Legend

- Revenues
- Other Modes
- Construction Expenditures
- Cash Balance Target

- Other Expenditures
- Maintenance Expenditures
- Closing Cash Balance
- Cash Balance Floor

REVENUES

State Revenues, Federal Aid, ARRA, GARVEE & Turnpike Authority

CONSTRUCTION EXPENDITURES

GARVEE Expenditures & Debt Service
Ecological Enhancement Program
NC Moving Ahead & SB 1005
TIP (PE, ROW, Construction)
Small Construction (SR Const., SS, Contingency, etc)
Turnpike Authority
Internal Orders
CMAQ
Bike and Pedestrian Transportation

MAINTENANCE EXPENDITURES

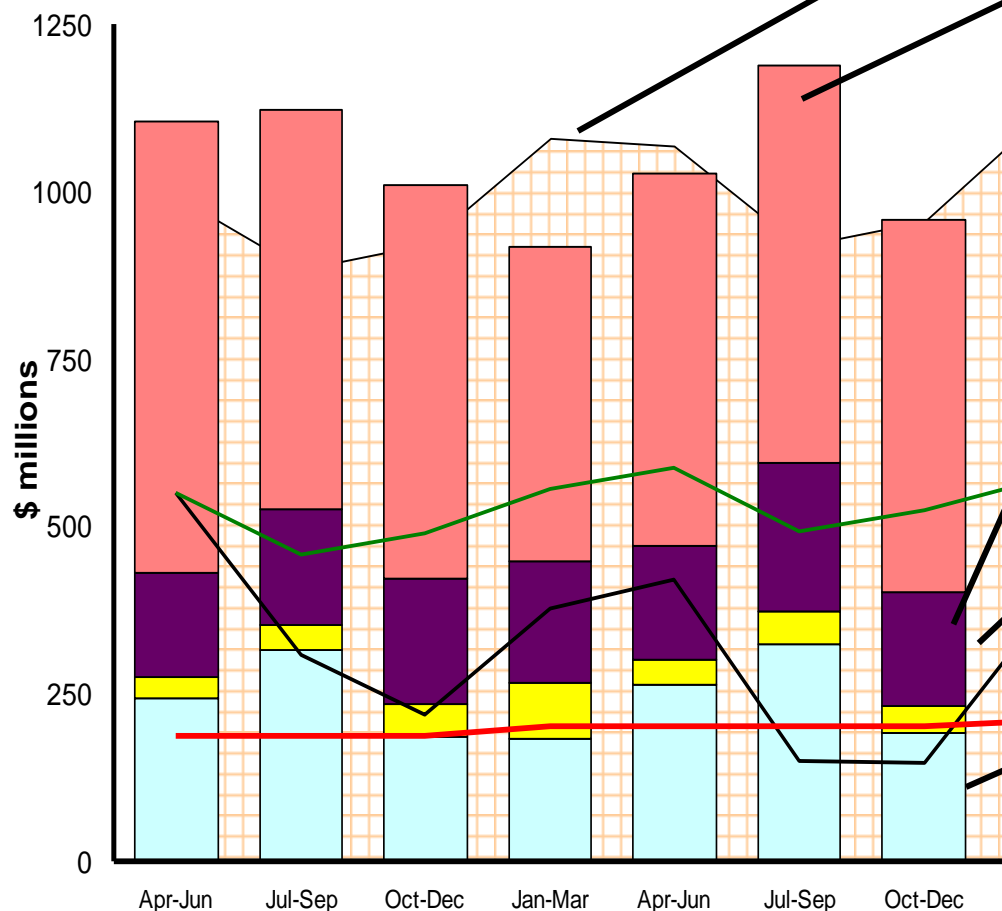
Primary & Secondary Systems
Contract Resurfacing
System Preservation & Disaster Funding

OTHER MODES

Public Transportation & New Starts
Ferry, Railroad and Airports

OTHER EXPENDITURES

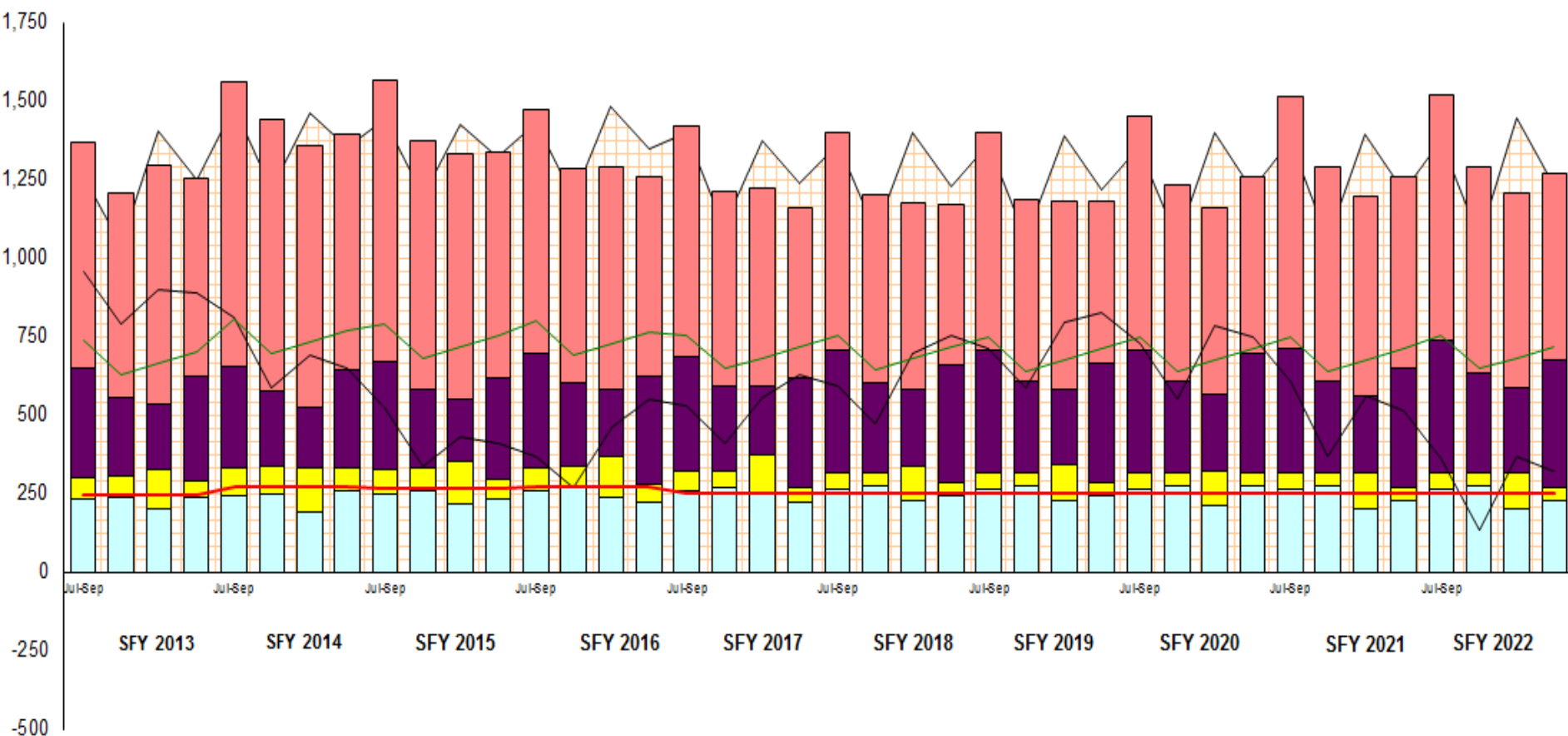
Administration
State Agencies, General Fund & NCTA Transfers
State aid to municipalities
Debt Service
Other Programs – GHSP, Visitor's Center, etc.

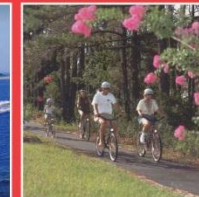
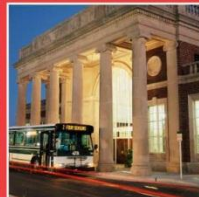
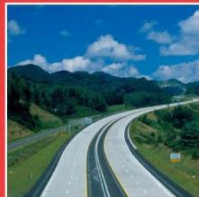




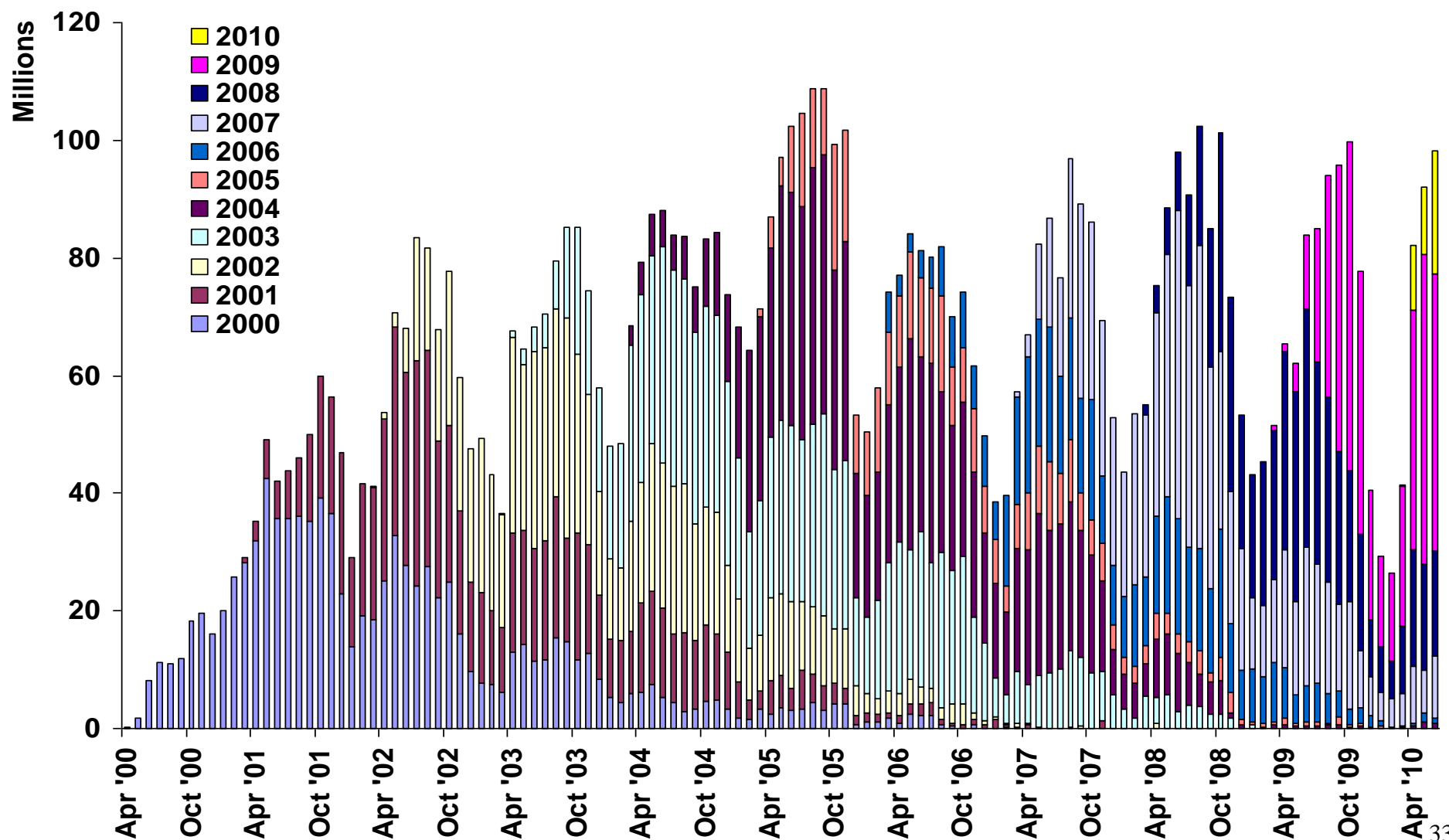
Cash Model - 10 Year Work Program

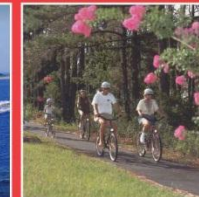
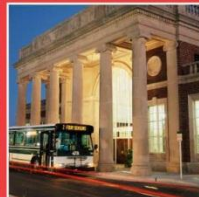
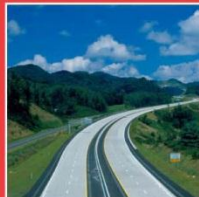
SFY 2013 - SFY 2022



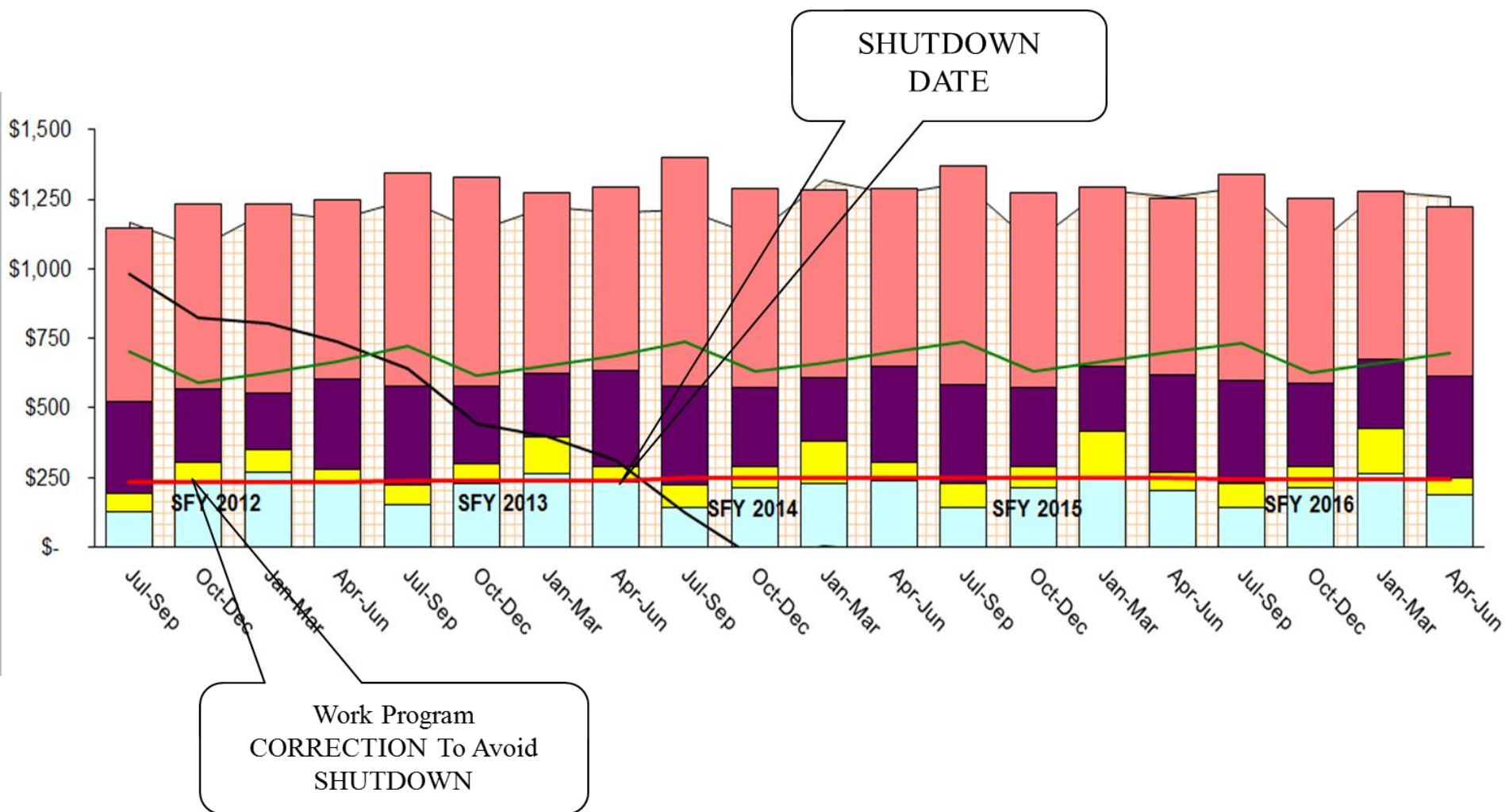


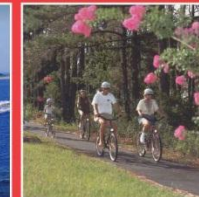
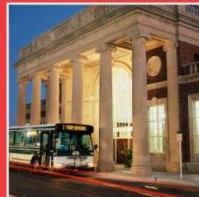
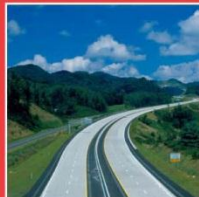
Construction - Payment History by Let Year





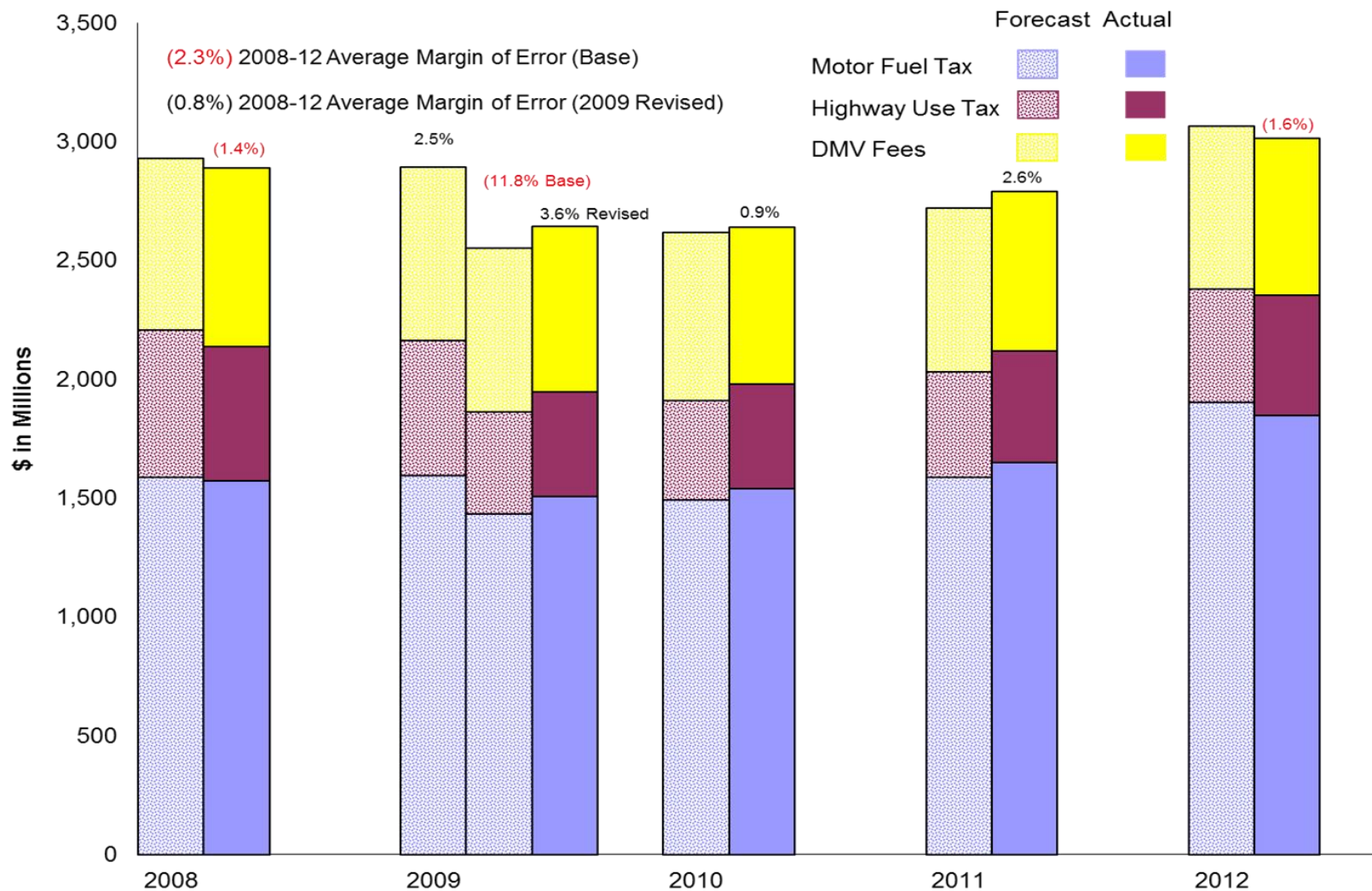
Update to Federal 35% Reduction

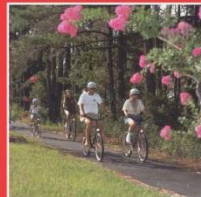
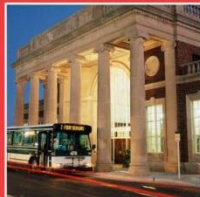
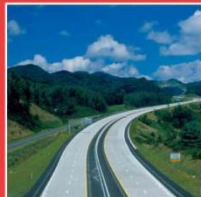




Comparison State Transportation Revenues

5 Year Forecast vs Actual





NCDOT Finances SFY 2012

Mark Foster
Chief Financial Officer

Planned to Actual Receipts

Planned	\$4,907.9
Actual	\$4,657.1
Variance	-5.1%
Forecast adjusted for NCTA	-1.1%

Planned to Actual Expenses

Planned	\$4,824.8
Actual	\$4,573.0
Variance	-5.2%
Forecast adjusted for NCTA	-1.1%

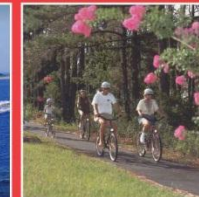
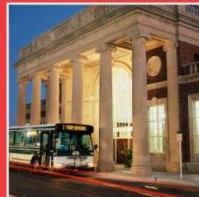
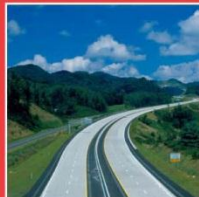
Forecast to Actual

Receipts		Expenses	
State	\$3,017,664,918	Construction	\$1,849,974,234
Federal	1,028,097,403	Construction Stimulus	110,471,618
Federal Stimulus	136,258,421	Construction NCTA	258,283,288
Local	36,742,207	Maintenance	1,141,305,732
Grants	72,261,423	Transit	212,267,318
Debt - GARVEE	134,781,626	Transit Stimulus	25,491,895
Debt - NCTA	230,854,249	Debt Service	139,074,780
Toll Rev./Int.	<u>398,539</u>	Finance Cost - NCTA	48,742,566
		Admin	236,032,669
		Admin - NCTA	1,238,110
		Agency Transfers	389,702,351
		State Aid Municipalities	138,340,337
		Other Programs	<u>22,075,139</u>
Total	\$4,657,058,786	Total	\$4,573,000,037
Forecast	<u>4,907,935,024</u>	Forecast	<u>4,824,798,011</u>
Variance	<u>\$(250,876,238)</u>	Variance	<u>\$(251,797,974)</u>
Variance %	-5.1%	Variance %	-5.2%
Variance % (Forecast adjusted for NCTA)	-1.1%	Variance % (Forecast adjusted for NCTA)	-1.1%



Cash Model as a Performance Tool

- ARRA & Maintenance of Effort
- Operations Spend Plan
- Bridge Program
- GARVEE Bond Program
- Project Capacity
- Debt Affordability



The American Recovery and Reinvestment Act of 2009

Provides Additional Infrastructure Funding - *time limited* !

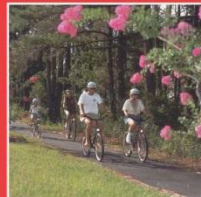
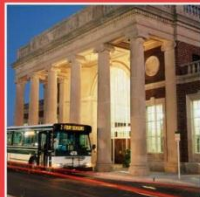
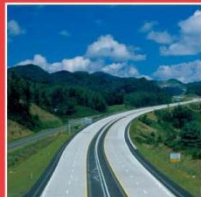
- \$735M Highways Funding must be authorized Feb 2009 to Sept 2010
- \$103M Transit Rural / Urban sub-allocation
- \$545M High Speed Rail Active Raleigh to Charlotte projects by 9/2017
- \$10M TIGER Discretionary Grant Immediate funding of Yadkin River Bridge I-85

NCDOT Delivery to date

- 402 Highway Projects Currently Certified (454 WBS Projects Authorized)
- 103 Additional Highway Projects identified after Sept '09 due to low bids (avg. -18%)
- Created/ sustained 1900 Highway, Transit and Rail related jobs
- Transit Funds 100% allocated to 62 sub-recipient providers

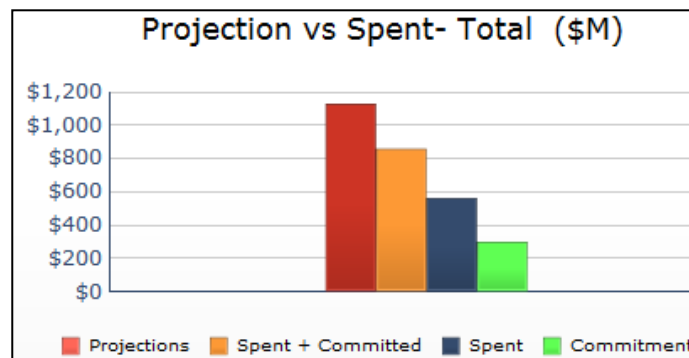
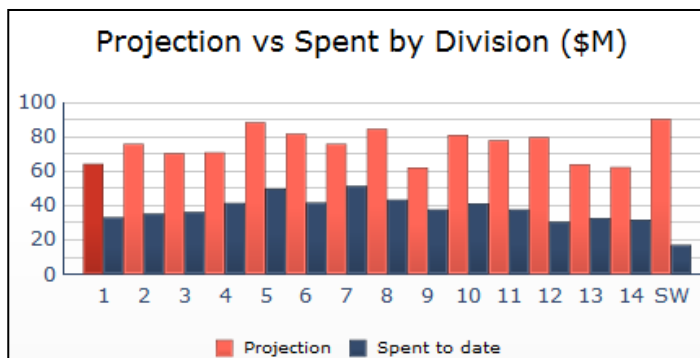
Maintenance of Effort Requirements (MOE)

- NC Certification \$1.5 billion; accomplished \$2.1 billion
- Penalty for States not meeting MOE
- NCDOT's 2011 August Redistribution \$40.5M
- Additional Reporting, Accountability, & Oversight

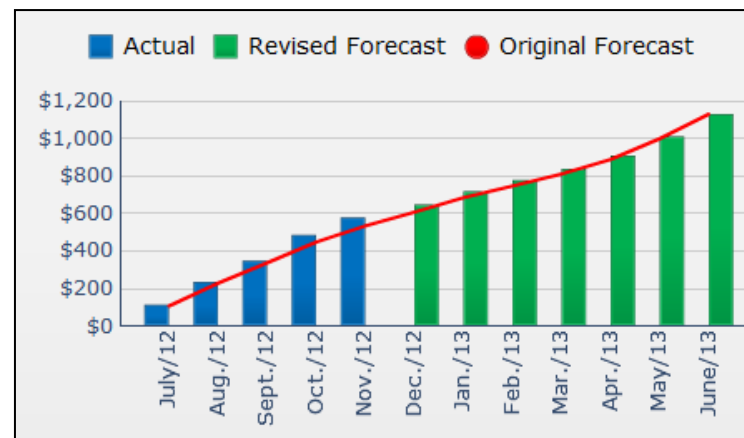


Operations FY 2012 Spend Plan Report

(Through Nov 26, 2012)



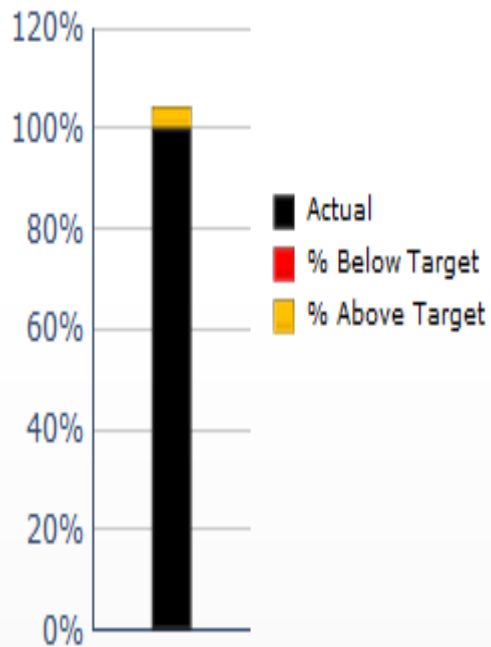
Total Summary	
Total Projections	1128.51
Total Spent to Date	561.02
Left to Spend	567.49
Percent Spent	50%
Commitments	297.81
% Spent & Committed	76%



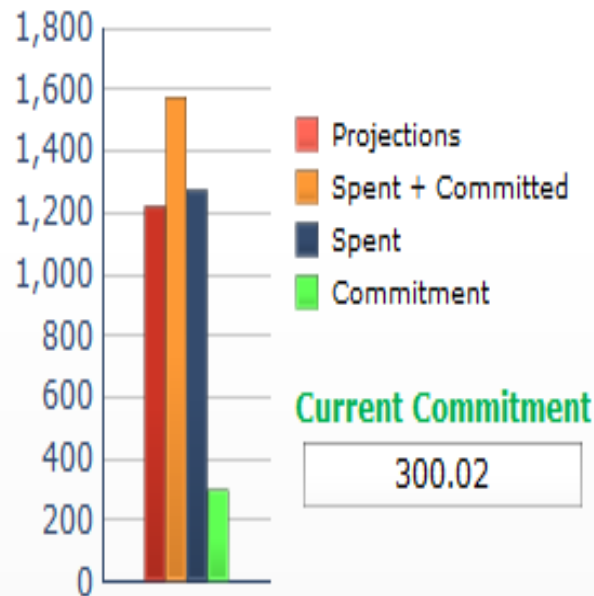


Operations Spend Plan Targets - 2012

% of Target Spent



Projection vs Spent (\$M)



Total Summary

Total Projections	1221.28
Total Spent to Date	1274.86
Left to Spend	(53.58)
Percent Spent	104%
Commitments	300.02
% Spent & Committed	129%



State Funded Bridge Improvement Program

2011 Legislative Initiative

Legislature Budgeted \$450M in state funds for Bridge Improvement

Legislative Initiative - Funding to address structurally deficient bridges

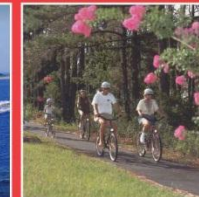
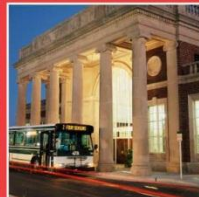
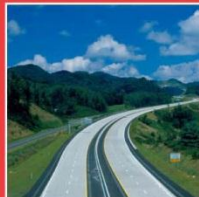
- \$215M for State Fiscal Year 2012
- \$235M for State Fiscal Year 2013

\$450M in funding to be committed by June 2013

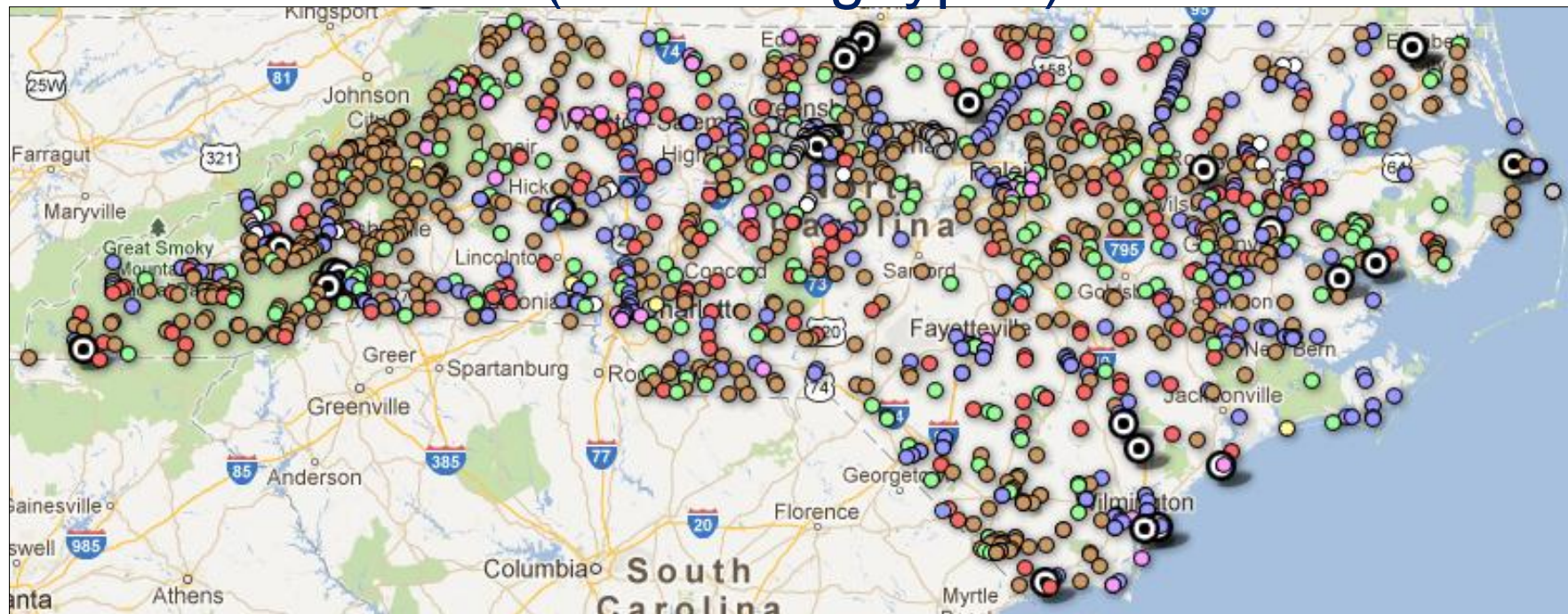
Current Program Scope:	Bridge Replacement 650 Structures
	Rehabilitation 50 Structures
	Preservation 500 projects

Accomplished State Fiscal Year 2012

- \$268M Total Committed Funds
- \$220M contracts awarded to 42 different Construction Firms
- \$32M contracts awarded to 58 different Private Engineering Firms



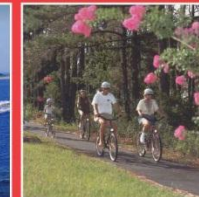
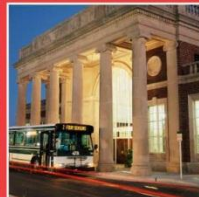
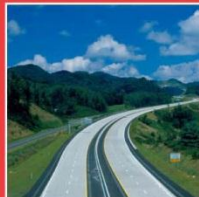
Bridge Improvement Program (all funding types)



Map Legend

- TIP Bridge Rehabilitation
- TIP Bridge Replacement
- TIP Bridge Preservation
- BD Low Impact Replacement
- BP Bridge Preservation
- BK Bridge Replacement
- ST Bridge Preservation
- ST Bridge Rehabilitation
- ST Bridge Replacement
- ⊙ Maintenance - Other State Funds (ST)





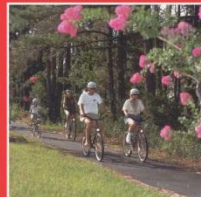
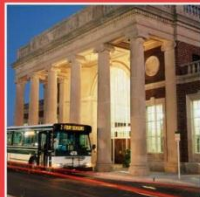
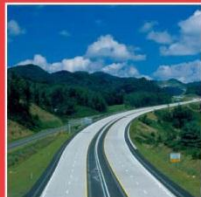
GARVEE: Inflation and Toll Financing Savings

Inflation Savings through Project Acceleration

GARVEE Bond Series	Project Cost	Savings
GV1, GV2, GV3	2,614,217,961	669,148,520
Less Interest Payments on 07 and 09 Issues		(150,798,748)
Net Savings		518,349,772

Monroe Toll Road Financing Using GARVEES

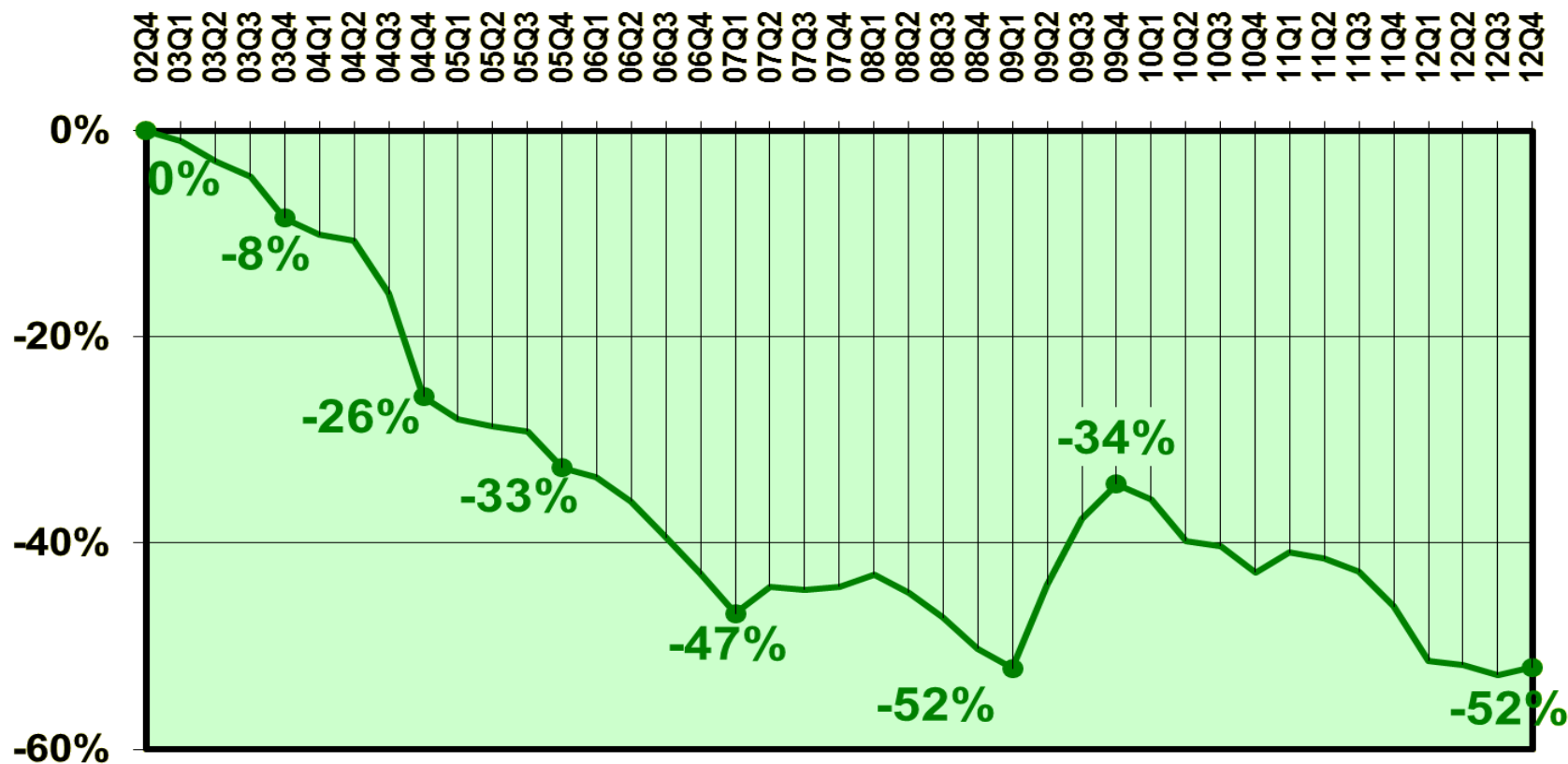
- Less Required Debt** **\$94 Million**
- Lower Interest Rate** **145 basis points**
- Debt Service Savings** **\$650 Million**

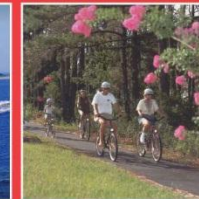
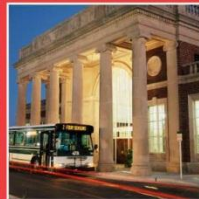
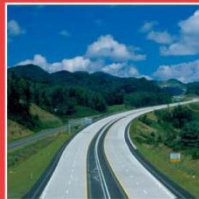


Purchasing Power of NCDOT Highway

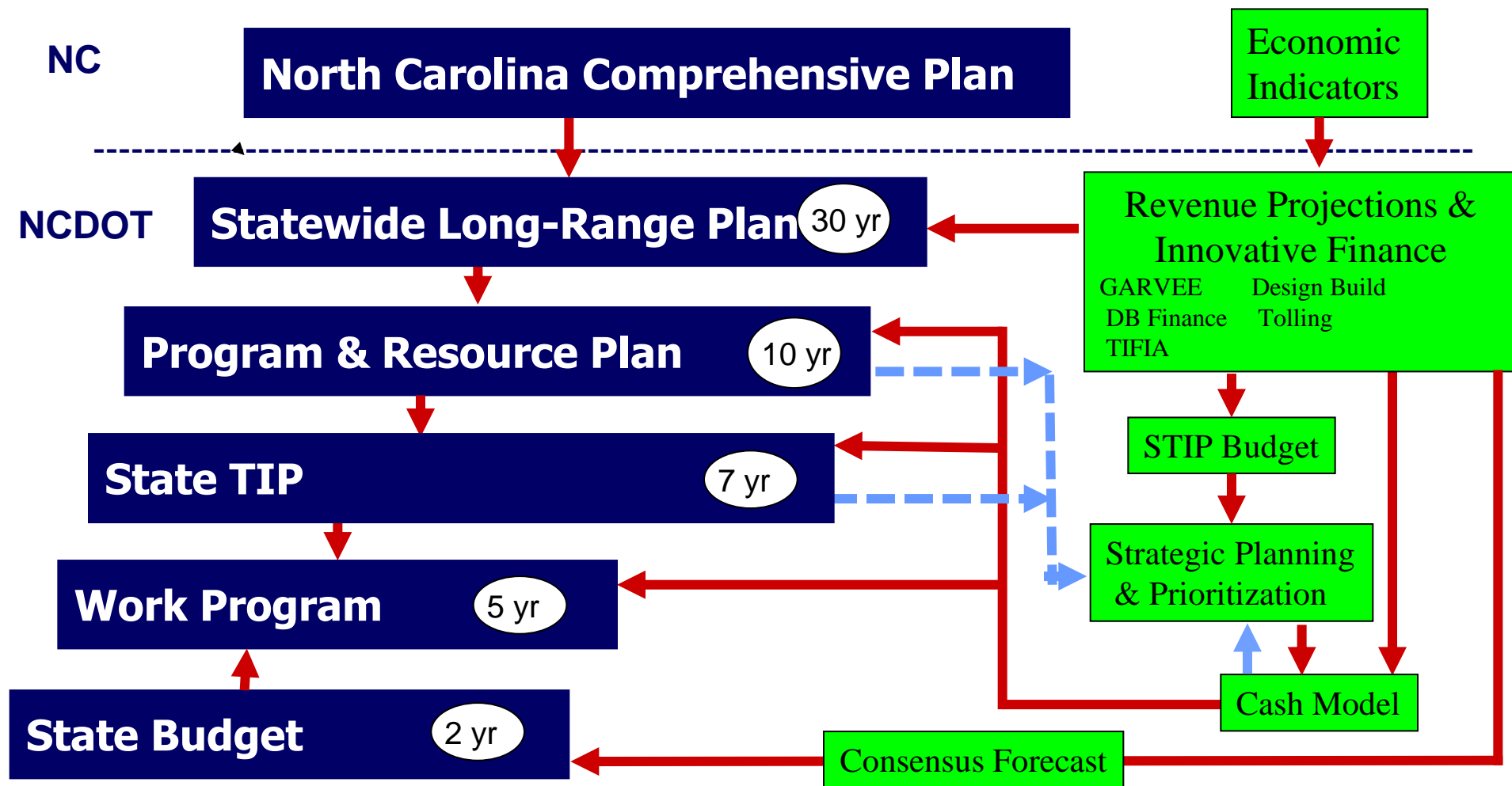
Construction Dollars (Since 2002)

Purchasing Power of NCDOT Highway Construction Dollars (From CY 2002 to CY 2012 4th Quarter)





How Does it All Fit Together

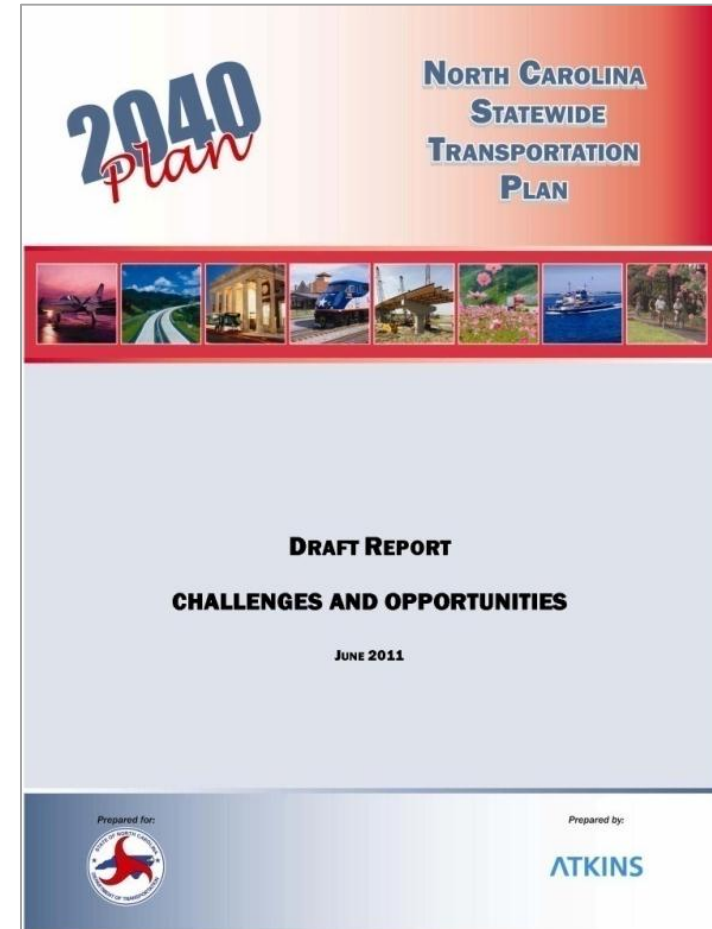


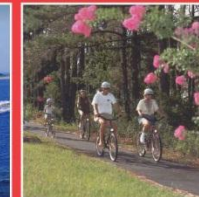
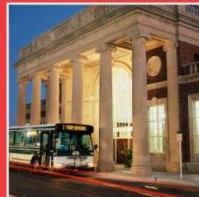
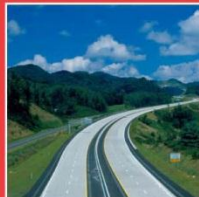


2040 Plan Overview

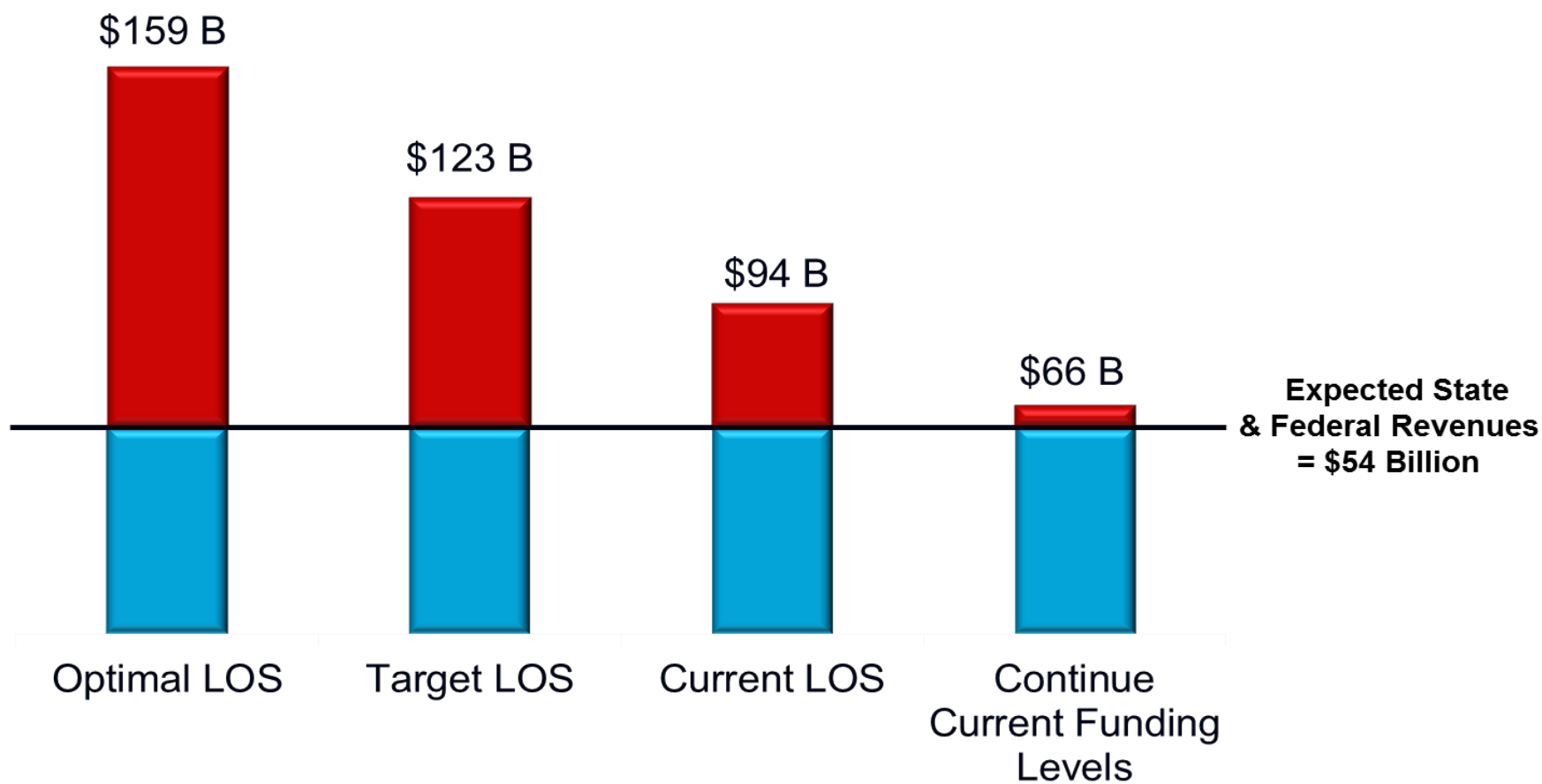
The 2040 Plan identifies:

1. Challenges & Opportunities
2. Long-term modal infrastructure and service needs
3. A sustainable financing strategy
4. Strategic investments and plan implementation





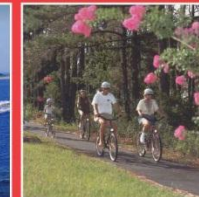
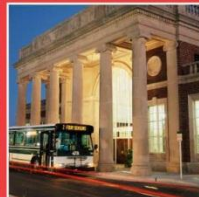
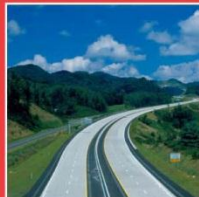
2040 Plan Investment Options





Revenue Enhancement Options:

- Continue motor fuel tax indexing - \$19 Billion
- Increase registration/license fees - \$6 Billion
- Eliminate Highway Fund transfers - \$4 Billion
- Redirect vehicle lease fee to NCDOT - \$1 Billion
- Increase Highway Use Tax - \$3 Billion
- Local vehicle property tax - \$1 Billion
- Auto insurance surcharge - \$12 Billion
- Wholesale motor fuels tax - \$12 Billion
- Interstate tolling - \$42 Billion
- VMT Fee - \$27 Billion



Finding – Sustainable Transportation Revenues

